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FIRST

FINANCIAL STATEMENT

MADE BEFORE

THE LEGISLATIVE COUNCIL OF HIS HONOR THE LIEUT.-GOVERNOR OF BENGAL

Assembled on Saturday, the 1st April 1893,

BY

THE HON'BLE H. H. RISLEY, C.I.E.,

SECRETARY TO THE GOVERNMENT OF BENGAL.

Calcutta:

PRINTED AT THE BENGAL SECRETARIAT PRESS.

1893.

FINANCIAL REVIEW FOR BENGAL.

(*Published in the "Calcutta Gazette" of 5th and 12th April* 1893.)

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FINANCIAL REVIEW FOR BENGAL.

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PART I.

The origin of Provincial Finance, and the Budget for 1893-94.

In laying before the Council the first Provincial Financial Review, I propose, with the permission of the President, to explain as briefly as possible how the system of Provincial Finance came to be introduced, and the main differences which distinguish it from the centralised financial system which it displaced. An attempt will then be made to compare Provincial Finance as understood in India with the cognate systems of Federal Finance as practised in the German Empire and the American Commonwealth. Finally, I shall explain the most prominent and characteristic features of the Budget of the year 1893-94. In order to save the time of the Council, which has other business to transact, the full account of the working and results of the Provincial system has been included in the second part of this Review, which I do not propose to read to you now, though it will be published in the Gazette for the information of the public.

Origin of the system of finance in India.

2. A high authority has stated that it was not until after the Mutiny in 1857 that anything deserving the name of systematic finance was introduced into India. The era of administrative development and opening up of the country which then set in gave rise to heavy expenditure in all directions, and a system of strict financial control became indispensable. In the first instance, this control was necessarily vested in the Government of India, and was, as Sir John Strachey points out, of a severely repressive character.' From the time of the Mutiny to the year 1871-72, when the system of Provincial Finance was brought into working, the Local Governments possessed no powers of financial control, and had no financial responsibility. The Supreme Government administered the minutest details of the public expenditure. Without its authority no official, however small his salary, could be employed at the cost of public funds, and even district roads and buildings and local works of improvement were hampered by the same onerous conditions.

Powers of Local Governments and their relationship with Supreme Government.

3. The evils of applying this highly centralised system to an area so heterogeneous in respect of its physical conditions and the character of its inhabitants as the Continent of India, became more and more apparent as time went on. As long ago as 1861-62, Mr. Laing laid stress in his Financial Statement on the defects of the then existing system:—

'If this great empire is ever to have the roads, the schools, the local police, and other instruments of civilisation which a flourishing country ought to possess, it is simply impossible that the Imperial Government can find either the money or the management. The mere repair of the roads, where anything like a sufficiency of good roads has been made, is a matter altogether beyond the reach of any central bureau. It is of the first importance to break through the habit of keeping everything in dependence on Calcutta, and to teach people not to look to the Government for things which they can do far better for themselves. . . .

'It is most desirable to break through the system of barren uniformity and pedantic centralisation, which has tended in times past to reduce all India to dependence on the bureaus of Calcutta, and to give to Local Governments the power and the responsibility of managing their own local affairs. The great branches of the expenditure, such as the army and national debt, are imperial; and while this is the case, the great branches of revenue must remain imperial also. But there is a wide field, both of revenue and expenditure, which is properly local, which in England is met by local rates, and which, in fact, must be met locally, or not at all.'

4. At about the same time the late Sir Henry Maine wrote with reference to the same subject:—'I do not think that anybody can have observed the recent workings of our system of financial control without coming to the

conclusion that, if it be not on the point of an inevitable collapse, it is at all events in great danger of going to pieces unless the strain be lightened somewhere.'

5. Nor were the evils complained of by any means confined to the purely financial branches of the administration. It was bad enough of course that insufficient funds were available for local purposes, and that the utmost uncertainty prevailed as to the amounts likely to be sanctioned for Provincial expenditure. But the worst consequences were those which took effect on the administration itself, and on the relations between the Provincial and Supreme Governments. The constant scramble for the largest share of the public revenues—a scramble in which the least scrupulous were apt to come off best—brought with it serious differences of opinion as to petty details of expenditure and led to constant interference on the part of the Supreme Government in matters of which it was necessarily very ill informed. This was resented by the Local Governments who were in touch with the facts and knew their own wants, and in this way a state of tension and conflict was brought about which added greatly to the difficulties of Indian administration.

Introduction of the Provincial system of finance.

6. In the Resolution of the 14th December, 1870, the Supreme Government reviewed the entire question. They observed that, under the existing system, the division of responsibility was ill-defined, and that this led to conflict of opinion injurious to the public service. In order to avoid these conflicts, the obligation to find the funds necessary for administrative improvements ought to rest upon the authority whose immediate duty it is to devise such measures. They went on to say that the Supreme Government was not in a position to understand fully local requirements, nor did it possess the knowledge necessary for the successful development of local resources. Each province had special wants of its own, and might have means for supplying them which could not be properly diverted to Imperial purposes. A tax applicable to the circumstances of one part of the country might be distasteful or unsuitable elsewhere, and everywhere rates might be proper for provincial or local purposes, which could not be taken for the Imperial revenue.

7. In order to give effect to these principles, the Government of India accordingly made over to the Bengal Government for the year 1871-72 the financial control of the following services:—Jails, Registration, Police, Education, Medical Services (except Medical establishments), Printing, Roads and Miscellaneous Public Improvements, Civil Buildings, a certain proportion of Public Works establishments, and a certain proportion of tools and plant. The allotment given to meet these services amounted to Rs. 1,16,85,920 which was arrived at by adding up the actual charges of the year 1870-71, and taking this as the Provincial assignment, less a deduction of a rateable proportion of Rs. 3,50,000 which was resumed by the Imperial Government. By a subsequent Resolution of the 20th March, 1871, a special allotment of Rs. 5,32,870 was made in order to enable the scheme to be inaugurated successfully. This sum was treated as the opening balance of the year 1871-72.

8. The Government of India undertook to maintain for the future the assignments for Provincial services at the amounts thus fixed, unless some fiscal misfortune, such as a heavy loss in the opium revenue or some national disaster, such as war or severe famine, should occur; and pledged itself in any case not to reduce them without previous consultation with the Governments concerned. It was left to the discretion of the Governments to distribute the total grant among the several departments for which they had become responsible, and it was laid down that any portion of the assignment made to any province that might be unspent at the end of the year would not lapse to the Imperial revenue, but would remain at the disposal of the Local Government. It was further provided that each Local Government should publish its own yearly estimates and accounts in the local gazette, together with a financial exposition (which should, where possible, be made before the local Legislative Council) analogous to that annually made in the Legislative Council of the Governor General.

Conditions of the administration of finance by Provincial Governments and enlargement of their powers.

9. The financial control thus entrusted to the Local Government was to be exercised subject to the conditions that, without the previous sanction of the Government of India, no appointment on more than Rs. 250 a month should be created; that no class or grade of officers should be created or abolished, and that no addition should be made to the pay or allowances of any individual or class

of officers that would lead to increase in the emoluments of any public servants doing duty in the sameprovince, whose pay and allowances are charged to Imperial revenues. No public money might be invested, and no services rendered to other departments by the transferred departments were to be diminished; nor might the latter claim increased services from other departments. The rules of the Supreme Government as to leave of absentee and absentee deputation and superannuation allowances were to be observed, and returns, accounts and estimates were to be submitted to the Supreme Government in such form and at such times as might be prescribed.

10. In addition to these conditions, which were based in the main on financial considerations, the Local Government was reminded that increased powers of financial control would be accompanied by a corresponding increase of administrative responsibility, and that in respect of general principles it must follow the main lines of policy laid down by the Imperial Government. It was added that the procedure of the departments of Registration, Jails and Police was to a large extent governed by law, and that, although no law existed on the subject of education, the policy of the Government had been declared and prescribed in despatches from the Secretary of State; the authority of which and of the rules sanctioned by the Government of India regarding grants-in-aid and other matters of general principle, was not affected by the policy of decentralisation.

11. In introducing this far-reaching administrative reform, the Government of India expressed the belief that it would produce greater care and economy; that it would import an element of certainty into the fiscal system which had before been absent, and that it would lead to more harmony in action and feeling between the Supreme and the Provincial Governments than had formerly prevailed. Beyond all this, there was a greater and wider object in view. It was felt that local interest, supervision and care were necessary to success in the management of funds devoted to education, sanitation, medical, charity and local public works. And it was hoped that the operation of the new scheme would afford opportunities for the development of self-government, for strengthening municipal institutions, and for the association of Natives and Europeans to a greater extent than before in the administration of affairs.

Resemblance of Provincial finance to systems of Federal finance.

12. On looking at the system thus introduced it is impossible not to be struck by its resemblance to the systems of federal finance which prevail in the German Empire and in the American Commonwealth. In these countries, the functions of the Imperial and the Local Governments are divided in much the same way as they are in India. Thus in Germany, the revenues derived from Customs, the indirect taxes upon salt, tobacco, brandy and sugar, the revenues from stamps, bills of exchange, securities and playing cards are set apart for the Imperial Budget, the expenditure side of which includes the cost of the Federal Government—the Army, Navy, Post Office, Telegraph, State Railway, Supreme Court, Imperial Bank, Pension and Invalid Funds, Currency and Debt. Any deficit which remains, after the sources of revenue reserved for the Empire have been exhausted, is met by contributions raised from the individual States according to their population. The actual demands under this arrangement varied in the Budget of 1892-93 from £9,405,191 levied on Prussia to £12,392 paid by the little State of Schaumburg-Lippe. In America, the Federal Government raises its revenue by indirect taxation and chiefly by duties of customs and excise. Direct taxes were levied during the war, and stamp duties were also resorted to; but no stamp revenue is now collected by the National Government. The individual States on the other hand derive almost the whole of their revenue from direct taxation, as the levying of import or export duties by a State is forbidden by the Federal Constitution.

13. Close as these resemblances are, there is no reason to suppose that the Indian system was modelled or has been materially influenced by these Federal systems of finance. Provincial finance is a plant of natural growth, developed under the pressure of administrative necessity, and owing nothing to the example of other countries. It was in fact devised, if not actually introduced, before the German system, which it most closely resembles, had come into existence; and it was developed on lines which, though leading to substantially the same result, started from diametrically opposite directions. Both in Germany and America, the individual States came first, and they were the sole repositories of sovereign

power. The Federal system was created by the States stripping themselves of certain attributes of sovereignty and making them over to the Central Government. In India, this order of things was reversed. All power resided in the group of departments forming the Government of India, and for a long time this central bureaucracy absorbed and exercised all the functions of Government and itself transacted all financial business from the negotiation of a State loan down to sanctioning of a chaukidar's pay. At length the burden became too heavy and the complication too great, and the Central Government transferred some of its powers to the Local Governments to be exercised subject to the conditions stated above. Thus they arrived by an independent process of development at substantially the same results as the German Imperial Government. The main differences are, first, that in Germany, the division of taxation between the Empire and the individual States is effected by reserving all indirect taxation for the former, and leaving to the States direct taxes which the Empire does not levy; and secondly, that the contributions of the States to the Empire are regulated with reference to the population concerned. In India, on the other hand, no attempt is made to set apart certain kinds of taxation as exclusively Imperial, and the division is effected by assigning arbitrary fractional shares to the Provincial Governments. Similarly, the amount of the contributions levied from time to time by the Imperial Government is not regulated by any intelligible principle, but varies like the mediæval benevolences according to the necessities of the moment. The Indian system, though less precise and logical than the German, is probably a good deal more elastic, and admits of being modified at intervals of five years, or even oftener, in accordance with the requirements of Imperial Finance.

Financial contract between the Government of Bengal and the Supreme Government for 1892-93 to 1897-98.

14. I now turn to the current contract, which began to take effect on the 1st April, 1892. After a lengthy correspondence with the Government of India, the terms and conditions of this contract were finally settled on the 17th March, 1892. It was then arranged that the revenue and expenditure shown in the schedule attached to the Government of India's letter of that date should be Provincial in certain specified proportions, and that, from the revenues thus assigned, a deduction of Rs. 14,39,000 should be made through the Land Revenue head. The Bengal Government has no means of knowing on what basis, or by what method of calculation, the sum of Rs. 14,39,000 was arrived at On the receipt side of the account, the Provincial Government gets the whole of the following items:—Twelve per cent. on the Land Revenue collected from Government estates; rents of Salt Warehouses; fines and other minor receipts; Provincial rates; minor customs receipts; interest on local loans; receipts from Courts of Law, Jails, Police, Marine, Education, Medical, Botanic Gardens, Cinchona, Fairs and Emigration, and receipts in aid of superannuation; also Stationery and Printing, except the value of supplies to Railways and local bodies, and all receipts from Irrigation, Navigation and Civil Works. It receives one-half of Assessed Taxes, Forest receipts and Registration receipts; and of the traffic earnings on the Eastern Bengal Railway System; one-fourth of Excise and of minor Land Revenue heads, and three-fourths of the important head of Stamps. The revenue from these sources for 1893-94, excluding the opening balance, is estimated at Rs. 4,22,30,000.

15. On the expenditure side, the Government of Bengal is required to meet all charges under the head of Land Revenue, except Survey and Settlement; all expenditure for Provincial rates, and the transferred heads of Customs and Salt and Interest; also charges arising under the heads Courts of Law, Jails, Police, Marine, Education, Medical, and, with certain exceptions, Political; the whole of Scientific and Minor Departments, except Census, Ancient Manuscripts and certain Veterinary charges; the whole of Stationery and Printing; working expenses of Irrigation and Navigation and Civil Works, with the exception of Imperial Buildings. It is also responsible for one-half of the expenditure under Assessed Taxes, Forest and Registration, and for half of the working expenses of the Eastern Bengal Railway System; for three-fourths of Stamp expenditure and a quarter of Excise.

16. Concurrently with the settlement of this contract, the general rules regulating Provincial finance were republished with the modifications they had undergone up to date, and it was also laid down that, if any considerable charge of an exceptional nature, which ought ordinarily to be borne by one Province were

paid in another Province, the question of a corresponding adjustment between the two would be specially dealt with. This latter provision was rendered necessary by the decision to stop inter-provincial adjustments. It was further arranged that, on the score of the technical character of the work and the necessary uniformity in the working of all State Railways, the Provincial Government should not exercise any administrative or financial powers in regard to the Eastern Bengal Railway, but in order to maintain the Local Government interests in the constructing feeder roads and in the general development of communition in the tract served by the Railway, half the net earnings should be Provincial; that the capital expenditure required to complete the Higili Canal should be advanced on certain terms from Imperial funds; that the expenditure on Survey and Settlement operations during the term of the contract, being in its nature liable to great variations and difficult to reduce to a uniform yearly average, should be met by Imperial revenues, and lastly, that if the recoveries on account of the Survey and Settlement operations in Bihar should fall short of the expenditure which is recoverable from the zamindars and raiyats, the difference should be charged to Provincial revenues.

17. With reference to doubts which had arisen concerning the interpretation of former contracts, the Government of India took the opportunity of declaring the contract to be a consolidated one, and not a collection of separate contracts for each Provincial head. They also stated that the representations made by the Government of Bengal, regarding each separate head, had received careful consideration, and that the adjusting figure of Rs. 14,39,000 had been fixed, so as to place the revenue and expenditure in equilibrium on the basis generally of the existing stage of growth. The Local Government, it was said, would be expected to maintain all the Provincial services in a state of administrative efficiency, providing any increased expenditure necessary for that purpose either by reductions of expenditure or from increased revenue. It was added that the Bengal Government would not be entitled to assistance from Imperial revenues to meet future increases of expenditure or decreases of revenue, of whatever nature, classified under Provincial heads.

18. I pass on to notice in somewhat fuller detail those heads of the Budget for 1893-94 which seem to stand in need of comment or explanation. Exposition of Budget for 1893-94.

The following statement shows the Bengal Provincial Services Estimate for 1893-94 *and the Revised Estimate for* 1892-93.

Receipts.	Revised estimate for 1892-93 as reported to the Government of India, Finance and Commerce Department, in letter No. 1344F., dated 9th March, 1893.	Revised estimate for 1892-93 as passed by the Government of India.	Estimate for 1893-94 as submitted by the Government of Bengal to the Government of India.	Estimate for 1893-94 as passed by the Government of India.	Expenditure.	Revised estimate for 1892-93 as reported to the Government of India, Finance and Commerce Department, in letter No. 1344F., dated 9th March, 1893.	Revised estimate for 1892-93 as passed by the Government of India.	Estimate for 1893-94 as submitted by the Government of Bengal to the Government of India.	Estimate for 1893-94 as passed by the Government of India.
1	2	3	4	5	1	2	3	4	5
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance	23,53	23,53	23,02	22,46	Direct demand on the Revenues—				
					1. Refunds and drawbacks	1,53	1,53	1,53	1,53
Principal heads of Revenue—					2. Assignments and compensations ...	1,80	1,80	1,61	1,61
					3. Land Revenue	33,88	33,88	34,23	34,19
I.—Land Revenue { Proper	1,00,05	1,00,05	99,88	99,88	5. Salt	1,25	1,25	41	41
{ Adjustments ...	−13,26	−13,26	−13,50	−13,50	6. Stamps	4,37	4,37	4,61	4,61
III.—Salt	90	90	90	90	7. Excise	1,67	1,67	1,79	1,79
IV.—Stamps	1,16,25	1,16,63	1,17,75	1,17,75	8. Provincial Rates	4,40	4,40	3,86	3,86
V.—Excise	28,52	28,52	28,75	28,75	9. Customs	5,30	5,30	5,52	5,52
VI.—Provincial rates	45,40	45,40	45,61	45,61	10. Assessed Taxes	92	92	96	96
VII.—Customs	50	50	56	56	11. Forests	2,25	2,25	2,41	2,41
VIII.—Assessed Taxes	21,75	21,55	22,00	21,65	12. Registration	3,67	3,67	3,67	3,67
IX.—Forests	4,00	3,75	3,87	3,57	Total ...	60,92	60,92	60,80	60,56
X.—Registration	7,05	7,05	7,10	7,10					
Total ...	3,11,16	3,11,09	3,12,92	3,12,57	13. Interest on ordinary debt	1,20	1,20	1,38	1,38
XII.—Interest	1,32	1,32	1,32	1,32	Post Office, Telegraph and Mint—				
					16. Telegraphs	4	4	3	3
Receipts by Civil Department—					Salaries and expenses of Civil Department—				
					18. General Administration	16,25	16,25	15,92	15,92
XVI.—Law and Justice { Courts of Law	8,70	8,70	8,76	8,76	19. Law and Justice { Courts of Law ...	85,35	85,35	85,28	85,28
{ Jails	9,20	9,20	9,59	9,59	{ Jails ...	20,90	20,90	21,79	21,79
XVII.—Police	2,26	2,26	2,19	2,19	20. Police	57,84	57,84	55,74	56,59
XVIII.—Marine	9,05	9,05	9,12	9,12	21. Marine	8,61	8,61	10,47	10,37
XIX.—Education	5,70	5,70	5,71	5,71	22. Education	25,30	25,30	25,73	25,73
XX.—Medical	1,50	1,50	1,51	1,51	24. Medical	15,80	16,00	15,89	15,85
XXI.—Scientific and other Minor Departments.	1,80	1,69	1,62	1,62	25. Political	37	37	29	29
					26. Scientific and other Minor Departments	3,25	3,25	3,64	3,64
Total	38,30	38,30	38,50	38,50	Total ...	2,33,67	2,33,87	2,34,85	2,35,46
					Miscellaneous—				
Miscellaneous—					29. Superannuation, &c.	16,90	16,90	17,50	17,50
					30. Stationery and Printing	12,48	13,08	13,05	13,05
XXII.—Receipts in aid of superannuation.	72	2	56	56	32. Miscellaneous	1,98	1,98	2,29	2,29
XXIII.—Stationery and Printing ...	1,15	1,15	1,07	1,07	Total ...	31,36	31,96	32,84	32,84
XXV.—Miscellaneous	8,03	8,23	7,96	7,96					
Total ...	9,90	10,10	9,59	9,59	Famine Relief and Insurance—				
					33. Famine relief	3	3	.....	.....
Railways—					Railways (Revenue account—				
					40. Subsidized Companies—Land, &c. ...	26	26	1	1
Eastern Bengal State Railway system ...	33,00	32,12	33,50	32,00	Total ...	26	26	1	1
Irrigation—					Irrigation—				
					42. Major Works—				
XXIX.—Major works (direct receipts) ...	16,35	16,50	14,50	14,50	Working expenses	14,00	14,00	13,98	13,98
					Interest on debt	24,26	24,26	24,49	24,48
XXX.—Minor works and navigation—					43. Minor Works and Navigation—				
By Public Works Department...	7,85	7,85	8,15	8,15	By Public Works Department	15,51	15,50	15,59	15,58
„ Civil Department	1,18	1,18	1,17	1,17	„ Civil Department...	4		4	4
Total ..	25,38	25,53	23,82	23,82	Total ...	53,81	53,76	54,09	54,08
					Buildings and Roads—				
Buildings and Roads—					45. Civil Works—				
					By Public Works Department ...	28,44	29,35	27,43	27,43
XXXII.—Civil works—					„ Civil Department...	1,70		1,93	2,35
By Public Works Department...	2,10	2,10	1,70	1,70	Total ...	30,14	29,35	29,36	29,08
„ Civil Department	2,26	2,26	2,30	2,30	Contributions	12,50	12,50	11,50	10,09
Total ...	4,36	4,36	4,00	4,00	Total ...	4,23,93	4,23,89	4,24,66	4,24,04
Contributions	.....	.....	.....	.....	Closing balance	23,02	23,46	22,51	20,72
Total ...	4,23,42	4,23,82	4,24,15	4,23,30	Grand Total ...	4,46,95	4,46 35	4,47,17	4,44,76
Grand Total ...	4,46,95	4,46,35	4,47,17	4,44,76	Provincial surplus (+) or deficit(−) ...	(−)51	(−)93	(−)51	(−)1,74

The figures are in thousands.

Receipts.

19. *Land Revenue.*—The Government of India have accepted the estimate of total collections under this head, as passed by the Local Government for 1893-94, amounting to Rs. 3,84,33,000. The estimate provides Rs. 5,07,000 for "12 per cent. on collections from Government estates." Including this amount, the Provincial share of land revenue comes to one-fourth of (Rs. 3,84,33,000—5,07,000) + 5,07,000=Rs. 99,88,000.

"The debit of Rs. 13,50,000 to Provincial shown under Land Revenue adjustment is made up as follows:—

	Rs.	Rs.
For fixed contribution to Imperial revenues ...	.....	14,39,000
For interest on the capital advanced from Imperial revenues for remodelling the Higili Tidal Canal ...	.....	21,000
Total deduction ...	... ..	14,60,000
Add—		
For capital outlay on Higili Tidal Canal ...	1,00,000	
For Imperial buildings transferred to District Boards	10,000	1,10,000
Net deduction ...	.....	13,50,000

It may be here mentioned that for reasons of account, all transfers, as between Imperial and Provincial revenues, are effected through the head of Land Revenue under the sub-head of Adjustments.

20. *Stamps.*—The estimate of total revenue from stamps for 1893-94 amounts to Rs. 1,57,00,000. The growth of this most important and expansive branch of Provincial revenue during the past four years has been as follows:—

		Rs.	Increase. Rs.
1887-88	... ...	1,38,16,000	.....
1888-89	... ...	1,38,39,000	23,000
1889-90	... ...	1,42,38,000	3,99,000
1890-91	... ...	1,42,47,000	9,000
1891-92	... ...	1,51,00,000	8,53,000
Total	... .		12,84,000

The increase amounts to Rs. 12,84,000, or an average of more than three lakhs a year. The smallness of the increase in 1890-91 was due to the reduction in the rate of copying fees from 4 annas to 3 annas per folio, with effect from 1st April, 1890. The revised estimate for 1892-93 amounts to Rs. 1,55,50,000, and the estimate for 1893 94 has been placed at Rs. 1,57,00,000. As the stamp duty is fixed by substantive law at rates which cannot be altered, the revenue under this head cannot be materially affected by administrative measures. All that can be done is to watch the working of the law carefully, to look out for evasions, and to see that adequate penalties are levied for breaches of the law and rules.

21. *Excise.*—The Accountant-General estimated the total revenue for the year 1893-94 at Rs. 1,12,00,000, against Rs. 1,10,64,413 estimated by the Board of Revenue. In Government order No. 654T.-F., dated the 24th October, 1892, sanction was given to the enhancement of duty on wholesale licenses for the vend of imported liquor in the town of Calcutta from the nominal sum of Rs. 50 a year to Rs. 50 a month, or Rs. 600 a year, from 1st April, 1893. Some changes have also been made in the duties on retail licenses. The effect of these orders will be to increase the revenue to a considerable extent. A substantial increase is also anticipated next year under the head 'Farm of drugs,' owing to the present rates of duty on all kinds of ganja being raised by one rupee per seer with effect from 1st April, 1893, under the orders of the Government of India in the Finance and Commerce Department, No. 784, dated the 23rd February, 1891. It was calculated that the total increase on this and other accounts would not be less than three lakhs, and accordingly the Accountant-General's estimate was raised from Rs. 1,12,00,000 to Rs. 1,15,00,000, and this has been accepted by the Government of India.

22. *Provincial Rates.*—The head *Provincial Rates* represents principally the proceeds of the Public Works Cess, but it includes also the recoveries from District Funds of the proportionate cost of collecting Road Cess and the Rates

for the general management of Wards' and Attached Estates. The receipts have been as follows :—

	1887-88.	1888-89.	1889-90.	1890-91.	1891-92.	Revised estimate, 1892-93.	Estimate, 1893-94.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(*a*) Public works cess	38,19,860	37,97,970	39,11,093	38,93,461	40,79,753		41,50,000
(*b*) Proportionate cost of collecting road cess.	3,13,524	3,09,984	3,12,096	3,55,052	3,64,355		3,31,000
(*c*) General management of wards' and attached estates.	1,03,154	90,369	82,835	71,420	80,419		80,000
Total ...	42,36,538	41,56,323	43,06,024	43,19,933	45,24,527	45,40,000	45,61,000

The variations under (*a*) were due to progress in valuation and revaluation of districts. The gross rental assessed on the introduction of the road cess was Rs. 13,11,68,432, and on the same basis the statistics furnished by the Board of Revenue show that it amounted to Rs. 14,60,45,236 in 1890-91, and Rs. 14,78,83,221 in 1891-92. Large recoveries of the arrears of rate on wards' estates were effected from the Burdwan Raj in 1887-88, and this accounts for the larger receipts under (*c*) in the first year of the contract. The comparatively smaller receipts under (*c*) in 1890-91 and 1891-92 were due to the release from Government management of a large number of estates during the course of the former year.

Head (*b*) is a new head of account which appeared in the Provincial Account in consequence of the introduction of the Local Self-Government Act. Prior to the extension of the Act, the charges for the collection of both the Road and Public Works Cesses were shown in the District Road accounts, the cost of collecting the Public Works Cess being paid to the District Road Committees through the adjusting head of Contribution, an assignment of Rs. 47,000 being made in the Provincial Contract under that head. The arrangement has now been reversed. The collection of the cess in the districts, where the Local Self-Government Act has been introduced, is shown as a Provincial charge, and is recovered from the District Funds before the net collections of the Road Cess are made over to the District Boards.

23. *Assessed Taxes.*—The Accountant-General placed the estimates of total receipts for 1893-94 at Rs. 43,50,000. Looking to the steady growth of revenue under this head, the estimate was raised by this Government to Rs. 44,00,000, but this has been reduced by the Government of India to Rs. 43,30,000, with reference to the actuals of 12 months ending January, 1893, which amounted to Rs. 43,28,000.

24. *Forests.*—The following table shows the estimates of receipts and expenditure for the year 1893-94, compared with the actuals of 1891-92 and the sanctioned and revised estimates of 1892-93:—

Budget heads.	Actuals, 1891-92.	Sanctioned estimates, 1892-93.	Revised Estimates, 1892-93.	Budget estimates, 1893-94.
Receipts.	Rs.	Rs.	Rs.	Rs.
I.—Timber and other produce removed from the forests by Government agency	41,503	59,400		25,100
II.—Timber and other produce removed from the forests by consumers or purchasers	6,95,062	7,21,000		7,07,350
III.—Confiscated, drift and waif wood	8,210	17,000		12,180
IV.—Revenue from forests not managed by Government	.....	.....		.....
V.—Miscellaneous	44,778	34,600		29,470
Total ...	7,89,553	8,32,000	7,50,000	7,74,000
Expenditure.				
A.—Conservancy and Works.				
I.—Timber and other produce removed from the forests by Government agency	25,004	41,040		
II.—Timber and other produce removed from the forests by consumers or purchasers	49,156	48,744		
III.—Confiscated, drift and waif wood	4,112	5,000		
IV.—Revenue from forests not managed by Government	.....	.....		
V.—Rent of leased forests and payments to share-holders in forest managed by Government	.....	.....		
VI.—Live-stock, stores, tools and plant	35,945	26,600		
VII.—Communications and buildings	19,841	40,400		
VIII.—Demarcation, improvement and extension of forests	29,495	37,656		
IX.—Miscellaneous	5,645	5,560		
Total A—Conservancy and Works ...	1,69,198	2,11,000		
B.—Establishments.				
I.—Salaries	1,98,631	2,30,740		
II.—Travelling allowances	30,856	33,360		
III.—Contingencies	9,804	6,400		
Total B—Establishments ...	2,39,321	2,70,000		
Grand Total of Expenditure ...	4,08,519	4,81,000	4,45,000	4,81,000
Surplus ...	3,81,034	3,51,000	3,05,000	2,93,000

The estimates provide for a surplus of Rs. 2,93,000 at the end of 1893-94 against Rs. 3,05,000, the latest estimate for 1892-93.

25. *Registration.*—The Accountant-General placed the revised estimate for 1892-93 at the same figure as the original estimate for the year, which was Rs. 13,60,000. This amount was also proposed as the estimate for 1893-94. The actuals for the twelve months ending January, 1893, were Rs. 14,08,000, and the revised estimate for 1892-93 has been placed at Rs. 14,10,000, and the estimate for next year at Rs. 14,20,000. Half the receipts only are Provincial.

26. *Jails.*—The total receipts for 1893-94 were estimated by the Inspector-General at Rs. 9,72,000, while the Accountant-General placed them at Rs. 9,09,000, reducing the estimate under the head Jail Manufactures by Rs. 63,000. The Lieutenant-Governor considered that the probable receipts under this head had been under-estimated by the Accountant-General, and thought they might safely be placed at Rs. 9,50,000. The total estimate of receipts was accordingly placed at Rs. 9,59,000.

27. *Police.*—The Accountant-General estimated the total receipts for 1893-94 at Rs. 2,46,000 against Rs. 4,60,000, the sanctioned estimate for 1892-93, and Rs. 4,48,634, the actuals of 1891-92. The decrease is due to the exclusion of receipts on account of village police in the Chota Nagpur Division, which have been transferred from Provincial to Local. The estimate has been further reduced by Rs. 27,000, on account of the transfer of fees for the inspection of steam-boilers from the Provincial account.

28. *Marine.*—The Accountant-General estimated the total receipts for 1893-94 at Rs. 9,28,000 against Rs. 9,68,000, the sanctioned grant for 1892-93, and Rs. 9,65,408, the actuals of 1891-92. The actual receipts, during the twelve months ending January, 1893, were Rs. 9,04,000. The revised estimate for 1892-93 has accordingly been placed at Rs. 9,05,000, and the estimate for 1893-94 at Rs. 9,12,000.

29. *Education.*—The total receipts of the Education Department for 1893-94 are estimated at Rs. 5,71,000 against Rs. 6,10,000, the sanctioned estimate for 1892-93. The actuals of 1891-92 amounted to Rs. 5,95,123, and those of the twelve months ending the 30th September, 1892, to Rs. 5,70,758.

30. *Medical.*—The estimate of receipts for the year 1893-94 was placed by the Accountant-General at Rs. 1,49,000 against Rs. 1,50,000, the sanctioned estimate for 1892-93. The estimate has been raised by Rs. 2,000, as some receipts are anticipated in consequence of the circular what the Sanitary Board have issued to all municipalities laying down the rate of fees to be levied from them for the preparation of plans and estimates for drainage and water-works schemes.

31. *Scientific and other Minor Departments.*—The principal items of receipts under this head are from Cinchona manufacture and Emigration fees. The total receipts are estimated at Rs. 1,62,000.

32. *Civil Works by Civil Officers.*—The Provincial receipts from ferries for the year 1893-94 are estimated at Rs. 2,27,500, and the receipts from cemeteries at Rs. 2,500 against Rs. 2,23,500 and 2,500, respectively, the amounts sanctioned for 1892-93.

EXPENDITURE.

33. *Land Revenue.*—The Accountant-General's estimates for 1893-94 under all the Provincial heads and sub-heads of expenditure amount to Rs. 34,19,000, as follows:—

	Rs.
Charges of district administration	29,43,000
Management of Government estates	4,01,000
Land Records and Agriculture	75,000
Total Provincial ...	34,19,000

The estimate was raised by this Government by Rs. 4,000 in order to provide for revision of office establishment in the Deputy Commissioner's office, Sonthal Parganas. The increased provision, however, does not appear in the estimate of the Government of India.

34. *Salt.*—The Accountant-General estimated Rs. 31,000 for expenditure of the Salt Department during 1893-94, which is the ordinary normal expenditure of

the Department. A provision of Rs. 10,000 has, however, been kept in reserve to meet any further improvements that may possibly be made in order to provide increased facilities for the trade at Sulkea, Chittagong or Narainganj, and the estimate has therefore been raised to Rs. 41,000. The revised estimate for 1892-93 amounts to Rs. 1,25,000, which includes a special provision of Rs. 75,000, the amount payable to Mr. Kilby as an honorarium for his patent salt weighing machine.

35. *Stamps.*—The total expenditure for 1893-94 of the Stamp Department, is estimated at Rs. 6,14,000 against Rs. 5,68,000, the sanctioned grant for 1892-93, and Rs. 4,51,779, the actuals of 1891-92. The actuals of 1891-92 did not include the cost of plain paper for use with Court-fee Stamps, which, under the terms of the new Provincial Contract, is charged to this head with effect from 1892-93, instead of to 'Stationery and Printing.' The Provincial share amounts to Rs. 4,61,000.

36. *Excise.*—The chief variations in this budget are due to the reduction of the salary of Excise Commissioner from Rs. 2,900 to Rs. 1,800, as under the orders of the Secretary of State, the Excise Commissioner will now ordinarily be a Magistrate of the second grade. Larger provision has, however, been made for the construction and completion of distillery buildings, and the total grant now stands at Rs. 7,16,000, of which the Provincial share is only one quarter, or Rs. 1,79,000.

37. *Assessed taxes.*—The total expenditure of the Income-Tax Department during 1892-93 was originally estimated at Rs. 1,90,000, and this amount was reproduced by the Accountant-General as the revised estimate for the year, while he placed the estimate for 1893-94 at Rs. 1,89,000. It has been taken by the Government at Rs. 1,93,000, of which the Provincial share is one-half. The Accountant-General's estimates for 1893-94 include a provision of Rs. 3,600 for the local allowance of Rs. 300 per month drawn by the Superintendent of Preventive Service for performing the duties of the Collector of Income-Tax, Calcutta. As Mr. Kilby, the permanent Superintendent, has retired from the service, and a whole-time Collector of Income-Tax on Rs. 700—1,000 per mensem has been appointed, a provision of Rs. 8,400 as salary, and Rs. 1,200 as house allowance, has accordingly been made under this head.

38. *Judicial Courts.*—The following table compares the estimates of expenditure for 1893-94 with the sanctioned grants for 1892-93 and the actuals of 1891-92:—

	Actuals, 1891-92.	Sanctioned estimates, 1892-93.	Estimate, 1893-94.
	Rs.	Rs.	Rs.
High Court	11,41,299	11,35,000	11,40,000
Law Officers	3,14,862	2,82,000	2,90,000
Coroner's Court	14,358	13,000	13,000
Presidency Magistrate ...	70,430	63,000	63,000
Civil and Sessions Courts ...	43,59,269	43,90,000	44,50,000
Courts of Small Causes ...	2,01,489	1,82,000	1,78,000
Criminal Courts	22,44,523	22,45,000	22,56,000
Pleadership Examination charges	7,822	8,000	8,000
Refunds	1,28,755	1,15,000	1,30,000
Total ...	84,82,807	84,33,000	85,28,000

The increased provision of nearly a lakh of rupees under Civil and Session Courts on the actuals of 1891-92 represents the financial effect of the increase which has been found necessary in the number of Subordinate Judges, and Munsifs and Judicial establishments generally. There has also been sanctioned an addition to the ministerial establishment of the Civil Courts in consequence of the recommendations made in the reports of Messrs. Toynbee and Stevens, who were appointed to enquire into the subject.

39. *Jails.*—The grants for 1893-94 for the Jail Department are as follows:—

	Sanctioned grant.
Jails.	Rs.
Superintendence	52,836
Presidency Jail	98,826
Central Jails	4,93,894
District „	5,81,958
Lock-ups	1,20,457
Reformatary Schools	35,975
	13,83,946
Add for rounding	54
Total ...	13,84,000
Jail manufactures	7,95,000
GRAND TOTAL ...	21,79,000

The total grant amounts to Rs. 21,79,000 against Rs. 20,22,000, the actuals of 1891-92, and Rs. 20,90,000, the revised estimate for 1892-93. The increase in expenditure, which is partly counterbalanced by an increase in receipts, is necessitated by the increase of jail population, and adequate provision has to be made for the high prices of food-grains for ration expected to prevail during the year.

40. *Police.*—The total expenditure of the Police Department for 1893-94 was originally estimated at Rs. 56,80,000, from which were deducted Rs. 21,000, the charges connected with steam-boiler inspection, and Rs. 75,000 under the head of Temporary Transport for the South Lushai Hills. The Government of India have accepted the deduction only of the first item, so that the grant now stands at Rs. 56,59,000. The estimate under Special Police, amounting to Rs. 4,98,000, includes a lump provision of Rs. 4,46,000 for expenditure during the ensuing year under the head South Lushai Hill Force. The estimate has been accepted provisionally, subject to any modifications which Government may hereafter find it necessary to make in view of the approaching transfer of the South Lushai territory to Assam.

41. *Marine.*—The difference of Rs. 10,000 under this head between the estimate of the Government of India and that of the Local Government represents the provision made by this Government for compensation payable to Captain Petley, the Port Officer, on account of his enforced retirement, which is payable by the Provincial revenues, but which does not appear to have been included in the budget passed by the Government of India. A sum of a lakh and a half required to meet the balance of the cost of the new pilot vessel to replace the *Coleroon*, which is now being built at the Government Dockyard at Bombay, has been provided under the head of Purchase and Hire of Ships and Vessels.

42. *Education.*—The estimate provides for a total expenditure of Rs. 25,73,000 against Rs. 25,30,000, the revised estimate for 1892-93. The increase is chiefly for grants-in-aid for primary education, and for additional staff sanctioned for the Sibpur Engineering College. This heavy expenditure includes the cost of Government Colleges, which accounts for Rs. 5,20,000, Government schools Rs. 5,45,000, and grants-in-aid Rs. 5,89,000. These are institutions for general education, but special or technical education is also fairly well supported—Government Professional Colleges costing Rs. 1,21,000, and Special Government schools Rs. 1,45,000.

43. *Medical.*—The grant for the Medical Department for 1893-94 stands—

	Rs.
Medical Establishment	5,86,000
Hospitals and Dispensaries	3,83,000
Sanitation and Vaccination	1,92,000
Grants for medical purposes	3,500
Medical Schools and Colleges	2,68,000
Lunatic Asylum	1,10,000
Lock Hospitals	16,000
Chemical Examiner	26,000
Refunds	500
Total ...	15,85,000

The total grant samount to Rs. 15,85,000 against Rs. 15,67,000, the actuals of 1891-92—Rs, 15,80,000, the revised estimate for 1892-93 proposed by this Government, and Rs. 16,00,000, the revised estimate of the Government of

India. The increase on the actuals of 1891-92 is due to the normal growth of the administrative charges.

The estimate of the Local Government includes an additional provision of Rs. 4,000 for remuneration to Civil Surgeon's clerks for doing vaccination work. The provision does not appear in the estimate of the Government of India. This additional duty forms a portion of a large scheme of reorganization which has been recently carried out, and which is expected to bring about a great extension of vaccination, and materially to enhance its efficiency in rural areas.

44. *Scientific and other Minor Departments.*—The following table shows the details of the grants under this head:—

	Rs.
Provincial Museums	16,140
Donation to Scientific Societies	14,000
Experimental cultivation	19,500
Cinchona Plantations	1,03,552
Public Exhibitions and Fairs	12,350
Imperial Institute	500
Veterinary charges	19,000
Botanic and other public gardens	1,10,009
Emigration	22,754
Census	1,700
Registration of Railway Traffic	2,320
Registration of River and Road-borne Traffic	18,108
Provincial statistics	2,500
Examinations	3,000
Refunds	713
Charges in connection with the Indian Factories Act ...	18,400
Total Provincial ...	3,64,546

The estimate for 1893-94 is Rs. 3,64,000 against Rs. 3,13,000, the actuals of 1891-92, and Rs. 3,25,000, the revised estimate for 1892-93. The increase is chiefly for the provision of two new items, veterinary charges (19,000) and charges of Indian Factories Act (18,400), which were not in existence in 1891-92.

45. *Stationery and Printing.*—The estimate under this head amounts to Rs. 13,05,000; but it is hoped there will be some reduction of expenditure under this head, in consequence of the recent orders issued to revise each form, whenever necessary, only once in a year, and not to introduce new forms, except under special orders, till the old stock is exhausted.

46. *Civil Works by Civil officers.*—The difference of Rs. 32,000 under this head between the estimate of this Government and that of the Government of India is due to the provision struck out by the Local Government for the construction of bridges in the South Lushai Hills.

47. The closing balance,as now estimated by the Government of India, is Rs. 20,72,000, *i.e.*, Rs. 72,000 in excess of the minimum balance, which the Provincial Government is required to maintain under the orders of the Government of India.

48. The foregoing paragraphs explain, in as full detail as is appropriate to the occasion, the figures of the Provincial Budget estimate of 1893-94. For the results of the system of Provincial Finance from its first introduction in 1871-72 to the close of the financial year 1891-92, a period of twenty years marked by great financial vicissitudes, I must refer the Council to the second part of this Review, which, as I have already stated, will be published in next Gazette for the information of the public. It is sufficient to say here that the Bengal of the present day owes to Provincial Finance most of the facilities and conveniences which distinguish it from the Bengal of 20 years ago: its railways, its irrigation and navigation canals, many of its most important roads, and a host of administrative improvements which it would be tedious to enumerate, amongst them the Council Chamber in which we are now assembled. The period of 20 years which we have to look back upon was one, as I have already said, of many vicissitudes and public calamities. At its opening, the Province had hardly recovered from the shock of one famine and was soon to suffer from another. Cyclones, floods, wars and rumours of wars, a falling exchange, grave alternations of agricultural depression and prosperity, serious changes of policy affecting the revenues of the State, all these things form a series of events beyond the control of the Provincial Government, which are liable to recur at any moment, and which constantly threaten the security of the Provincial finances."

PART II.

The Working of Provincial Finance.

The contract of 1871—77.

In attempting to gauge the results of the process of decentralisation which commenced in 1871-72, and to indicate the direct and tangible benefits which Bengal has derived from it, it will be convenient to follow in the main the periods at the close of which the arrangement, of late years called a contract between the Imperial and Local Governments, has been revised. The first of these periods embraced the six years, 1871-72 to 1876-77. Since then the contract has been revised at intervals of five years.

Accounts of Provincial Services from 1871-72 *to* 1876-77.

Major Heads.	Receipts.					
	1871-72.	1872-73.	1873-74.	1874-75.	1875-76.	1876-77.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. Allotment from the Government of India.	1,23,09,990	1,33,03,836	1,23,43,066	1,10,41,600	1,10,60,337	1,11,11,574
II. Provincial rates and taxes.	.....	.....	.....	.....	.....	.....
III. Jails	5,45,300	7,77,702	9,67,971	8,71,980	7,91,296	7,22,837
IV. Registration ...	3,66,978	4,34,657	4,71,801	5,65,734	5,80,467	6,31,053
V. Police	4,58,246	27,918	49,486	41,895	38,356	65,802
VI. Education ...	3,90,360	3,80,007	4,78,540	5,02,363	4,95,287	4,75,229
VII. Medical	47,753	76,490	1,19,263	1,53,879	1,30,912	1,49,246
VIII. Printing	24,602	53,378	53,921	*65,198	57,851	64,131
IX. Marine	.....	.....	... ..	409	300	300
X. Miscellaneous ...	98,460	1,30,624	{ 33,70,092 *2,797	} 77,29,059	1,00,80,806	1,04,305
XI. Public Works ...	95,633	1,45,268	2,94,120	1,32,860	1,36,350	3,00,033
Debt heads ...	3,06,813	4,59,098	2,79,351	4,26,688	3,67,532	2,90,746
Total ...	1,46,44,135	1,66,89,478	1,84,23,459	2,15,21,659	2,37,39,404	1,39,15,236
Opening balance ...	5,33,870	22,23,126	35,58,298	—19,037	23,64,287	5,01,180
Grand Total ...	1,51,77,005	1,79,12,604	2,19,81,757	2,15,02,622	2,61,03,781	1,44,16,416

Major Heads.	Expenditure.					
	1871-72.	1872-73.	1873-74.	1874-75.	1875-76.	1876-77.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. Refunds ...	16	27,248	28,413	22,505	67,031	41,879
II. Provincial rates and taxes.	.....	.....	.....	... ..	.....	.....
III. Jails	14,84,100	16,82,453	19,23,105	17,90,083	17,83,414	16,42,196
IV. Registration ...	2,86,732	3,05,191	3,[illegible]4	3,98,824	4,31,286	4,80,581
V. Police	30,30,304	45,39,047	46,41,393	39,77,918	41,64,737	39,96,762
VI. Education ...	19,58,190	20,31,719	24,65,495	25,11,658	26,32,444	24,47,958
VII. Medical ...	9,00,359	11,36,289	13,78,747	13,14,289	14,86,053	13,62,662
VIII. Printing ...	1,16,439	1,60,436	3,09,544	2,73,928	2,97,586	2,95,243
IX. Marine ...	.....	.....	.....	485	897	1,083
X. Contributions...	.....	.....	47,30,763	29,36,665	97,36,646	1,61,449
XI. Miscellaneous...	* 2,512	1,49,058	} 4,19,904	{ 1,36,984	6,51,395	5,20,773
XII. Minor Establishment.	19,489	42,517		{ 2,84,192	3,97,279	3,90,133
XIII. Public Works ...	} 27,42,733	36,07,314	52,31,770	46,89,762	34,77,467	25,75,727
XIV. Petty construction and repairs.						
XV. Rents, rates, and taxes.	71,087	1,60,545	1,61,065	1,70,942	1,87,398	.....
Debt heads ...	3,41,918	5,12,489	3,65,163	4,30,099	2,88,938	1,91,604
Total ...	1,29,53,879	1,43,54,306	2,20,00,794	1,91,38,335	2,56,02,601	1,41,27,952
Closing balance ...	22,23,126	35,58,298	—19,037	23,64,287	5,01,180	2,88,464
Grand Total ...	1,51,77,005	1,79,12,604	2,19,81,757	2,15,02,622	2,61,03,781	1,44,16,416

* Adjustment of old error.

Classes of accounts and estimates dealt with.

2. Before proceeding to comment in detail on the figures of this statement, it will be convenient to recapitulate briefly the various classes of estimates and accounts with which the Provincial Government then had to deal. There were, *first*, the estimates and accounts of *Imperial Services*, that is to say, of those branches of revenue and expenditure which had not been made over to provincial control and management. In its relation to these services, the Local Government was in the same position that it held before the introduction of the Provincial Services scheme in 1871-72. *Secondly*, there were the estimates and accounts of *Provincial Services*, or of those branches of revenue and expenditure, originally Imperial, made over to the management of the Local

Government under the system of provincial contracts. *Thirdly*, there were the estimates and accounts of the funds constituting the *Provincial Reserve*, that is, of those Local Funds, the balances of which were at the disposal of the Local Government for provincial purposes. *Fourthly*, there were the estimate and accounts of those *Local Funds* (properly so called) which are by law or by their constitution devoted to particular local and limited objects. The amount of control which could be exercised over these by Government varies considerably, and might be said to be at a minimum in the case of the District Road Fund, and at a maximum in the case of the Port Funds. Both these strictly Local Funds, and those included under the Provincial Reserve, might be divided with reference to their origin into two classes, thus—

(I)—Funds supported by compulsory rating, or by payments under sanction of law, or orders having the force of law.

(II)—Funds made up of payments of the nature of rents, tolls, or fees for services or facilities rendered or privileges conferred.

Lastly, there were the accounts and estimates of *Municipal Funds*. These, though strictly speaking local funds, were not dealt with in the Local Funds Budget of this Government, under which only the funds of the *fourth* class were treated together.

3. By its Resolution No. 1886, dated the 28th March 1877, the Government of India directed that the transactions of the Local Government, under the heading of 'Provincial Services,' should be re-incorporated in the general estimates and accounts. The effect of this order was to amalgamate, for the purposes of the Imperial Budget, the *first* and *second* classes of accounts and estimates described in the preceding paragraph. A later Resolution, No. 1072 of the 20th February 1878, re-incorporated with the estimates and accounts of Provincial Services "those resources recorded under 'Local Funds' which were at the free disposal of the Local Government for expenditure in any part of its jurisdiction without legal let or hindrance." The effect of this was to incorporate with the estimates of Provincial Services, and therefore with the Imperial estimates, the transactions of the funds treated in Bengal as Provincial Reserve (*i.e.* the *third* class above described).

Modifications in Imperial allotment.

4. Turning now to the statement, it must be observed first of all that the figures for the years 1871-72, 1872-73, 1873-74 include the receipts and charges of Assam, while those for the last three years of the period include the accounts for Bengal only. Secondly, it must be remembered that the Imperial assignments, originally fixed at Rs. 1,16,85,920, underwent a number of modifications, according as certain services were transferred to the management of the Government of Bengal or withdrawn from its control. The most important of these, and the only one which need be mentioned in a historical review, is the reduction of Rs. 13,30,000 on the separation of Assam. This sum was arrived at by allotting to Assam the actual average expenditure on provincial services within its limits during the last three years of its connexion with Bengal, the Bengal estimate being reduced by that sum. The average expenditure was ascertained to be Rs. 5,30,000 on provincial public works and Rs. 8,00,000 on other provincial services, and by deducting this sum the Bengal assignment was reduced in 1874-75 to Rs. 1,10,41,000, as shown in the statement. It may be added that the large increase in the allotment which appears in the year 1872-73 was due to a special grant from the Supreme Government of Rs. 8,66,677 for the price of the old Sadar Court building, and of one lakh for expenditure on the relief of the so-called Burdwan fever, which caused heavy mortality in that year.

5. Turning now to the detailed heads, we find under *Jails* an increase of nearly two lakhs in charges, against which we must set an increase of rather less than the same amount in receipts. Extended manufactures brought about larger sales on the one hand, and on the other involved increased purchases of raw material; establishments were to some extent increased, and in the scarcity years 1873—75, the larger jail population swelled the expenditure on diets.

6. The *Registration* receipts were nearly doubled owing to Sir George Campbell's liberal extension of rural sub-registry offices, but although there is no doubt that this department earned a profit on the whole, and was indeed the only

department of those transferred in 1870 in which the income was susceptible of much development, still the exact earnings cannot be stated, as the charges for buildings were provided for in the Public Works budget.

7. Owing doubtless to the transfer of the Assam districts, and probably also to some change in the form of the accounts, the *Police* figures show a reduction of nearly four lakhs under Receipts and ten lakhs under Charges.

8. *Education* receipts rose by nearly a lakh and the charges by nearly five lakhs, notwithstanding the transfer of territory to Assam. The increase under the head of receipts was mainly due to the large grants made to primary schools under the policy introduced by Sir George Campbell, while greater liberality in the bestowal of scholarships, larger grants to Muhammadan schools and district schools, and the strengthening of the inspecting agency which this policy involved, also contributed to the same result.

9. In the *Medical* Department the receipts rose from under half a lakh to about a lakh and a half, and the charges from nine lakhs to over thirteen and a half. This was due partly to the Burdwan epidemic fever, but mainly to the great extension of dispensaries and hospitals initiated by Sir G. Campbell, who admitted that in this he had not exercised so severe an economy as in other branches of administration.

10. The figures shown under the three heads *Miscellaneous*, *Contributions* and *Public Works*, are greatly complicated by transactions relating to the scarcity of 1873—75. Thus the receipts under Miscellaneous rose from Rs. 98,460 in 1871-72 to Rs. 33,70,092 in 1873-74 and to Rs. 77,29,059 in 1874-75, owing to the inclusion under this head of the special famine grants of Rs. 22,89,100 and Rs. 76,38,139 made by the Government of India for expenditure on relief works. Then the heavy charges shown under Contributions represent the special grants made by the Local Government to District Road Committees for the same purpose, while the greatly enhanced expenditure of the Public Works Department during the two years is also due to relief operations.

11. The same cause, unforeseen and uncontrollable expenditure on relief, accounts for the startling fluctuations which appear in the balances. In the first two years the strict economies of Sir George Campbell effected savings aggregating about seventeen lakhs of rupees under the Provincial Service heads, and the year 1872-73 opened with a balance under those heads of Rs. 22,23,126, while the balance under Provincial Reserve had risen to Rs. 16,12,440, making a grand provincial balance of Rs. 38,35,566. For the year 1872-73 very liberal grants were made under Education, Medical, Public Works, and other headings; but the closing balance under 'Service' rose to Rs. 35,58,298. This result is, however, partly to be explained, as has been mentioned above, by a special grant from the Supreme Government of Rs. 9,66,677 on account of the Sadar Court buildings, capitalization of Calcutta rents, and Burdwan fever relief. The greater part of this special grant was meant to be reserved for the erection of public offices for the Bengal Government. Under Reserve the balance fell to Rs. 9,80,683, making the aggregate provincial balance at the opening of 1873-74 Rs. 45,38,981. In 1873-74 the Local Government was called upon to face the enormous expenditure on relief works caused by the famine in Bengal and Bihar, and the year closed with a deficit of Rs. 19,037 under 'Services,' while the balance under Reserve had fallen to Rs. 5,14,704. The net provincial balance at the opening of 1874-75 was thus only Rs. 4,95,667. During 1874-75 the expenditure upon relief works continued to be heavy, but a special grant of Rs. 76,38,139 was received from the Supreme Government, and the year closed with a credit balance of Rs. 23,61,287 under Services, and of Rs. 8,28,465 under Reserve, the aggregate being Rs. 32,92,752. In the year 1875-76 the final adjustment of the famine account between the Supreme and Local Governments took place. It was estimated that if all charges on account of famine had been excluded from the accounts, the closing balance under 'Services' in 1873-74 would have been Rs. 19,21,069, in 1874-75 Rs. 13,87,787, and in 1875-76 Rs 12,97,981. The balance under Provincial Reserve at the end of 1875-76 being Rs. 7,21,464, that year would, famine apart, have left the Local Government with about 20 lakhs of rupees in hand. The demand of the Imperial Government on account of that portion of the relief works chargeable to the Provincial Public Works

Budget being far in excess of this sum, it was arranged that the Bengal Government should surrender to the Imperial Government about 15 lakhs of its estimated credit balance; that all outstanding famine charges beyond that amount should be debited to the Imperial Government; and that the accounts should be so adjusted as to leave to the Government of Bengal an opening balance of Rs. 5,00,000 on the 1st of April 1876. Owing to some trifling discrepancies in the accounts, the actual opening balance of the year 1876-77 was Rs. 5,01,180.

Contract of 1877—82.

12. With that year the scheme of decentralization, which was introduced in 1871, underwent a considerable development. Under the system as originally started, the Local Government was entrusted with the management chiefly of spending departments, such receipts as accompanied them being supplemented by large consolidated allotments for their maintenance. The only department in which the revenue outstripped the charges was Registration; Police, Jails, Education, and Medical were services under which the receipts could never be expected to bear more than a very small ratio to the charges. It was therefore chiefly with a view to economy in administration that the Government of Lord Mayo determined to make the Local Government responsible for the financial management of these branches of the Administration. In 1877 the system of decentralization took another step in advance. The Government of India, while handing over other great departments of expenditure to the Local Government, also entrusted to its use and responsibility on fixed terms of progressive payment all the principal revenues which could be deemed capable of steady expansion under careful local management. The success of the earlier measure had been sufficient to secure some extension of the principle; but the form which the extension took was in great measure determined by the decision to which the Secretary of State had come on the great question of famine relief. In his financial statement of March 1877, Sir John Strachey announced that it was the intention of the Government of India to meet charges for famine and unremunerative works out of revenue for the future. He proposed to place the Government in a position to do this, not by introducing any new Imperial taxation, but by extending the system of decentralization, and by making each Local Government responsible for the management and charges of the great public works which had been constructed, and for the construction and maintenance of those to be subsequently undertaken. He declared that the fundamental principle to be pursued in regard to public works was the enforcement of Provincial responsibility only. Bengal was the only Province, however, which was then considered able to bear the whole of its own burden. The charge for interest on productive Public Works was transferred to the Provincial account, and the Lieutenant-Governor was invited to raise by taxation the funds necessary to meet existing charges, as well as to provide for new works. The Public Works Cess Act of 1877 was accordingly introduced. Provincial responsibility for all productive works, existing and future, was definitely assumed, and the policy which the Secretary of State had affirmed was in regard to this Province carried into effect.

13. The decentralizing measures of 1877 were of a threefold character—(1) Certain departments of Revenue were made over to Provincial management, some for fixed payments, some for progressive contributions to the Imperial Treasury. (2) Certain departments of expenditure were made over to it with fixed allotments. (3) The Public Works which had been or were to have been constructed with borrowed money were made over to it without any assignment. The arrangements were mutually interdependent. The first and second were connected, because, although fixed allotments only were made for expenditure, it was well recognised that expenditure could not be fixed, but must be progressive, and it was intended that the necessary increase in charges should be met out of the profits which the Provincial Government might derive from the assigned revenues over and above the amount of its contribution. The first and third were connected, because it was similarly recognised that the large responsibilities assumed by the Local Government in regard to Public Works should be merged in the aggregate of its ways and means. It was only reasonable, therefore, that the progressive contributions under the heads of assigned

revenue should be so fixed as to leave the Local Government a margin for the discharge of its actual responsibilities, as well as for the improvement of the Province.

14. In addition to the Departments of Police, Jails, Registration, Medical, Printing, Roads and Civil Buildings transferred by Lord Mayo's Government in December 1870, with an assignment of Rs. 1,16,85,920, which had been reduced by March 1877 to Rs. 1,11,11,574, the Local Government was further entrusted, under the contract of March 1877, with the management of the following heads of revenue:—(1) *Excise*; (2) *Customs* (Miscellaneous receipts); (3) *Salt* (Minor items); (4) *Stamps*; (5) *Law and Justice* (Proper); (6) *Marine*, and (7) *Miscellaneous*, and of the following heads of expenditure:—(1) *Refunds* of the Assigned Revenues; (2) *Land Revenue*; (3) *Excise*; (4) *Customs*; (5) *Salt*; (6) *Stamps*; (7) *Aaministration*; (8) *Minor Departments*; (9) *Law and Justice*; (10) *Marine*; (11) *Miscellaneous*, and one or two smaller items. The allotment made under the heads of expenditure was Rs. 1,34,70,000, and the total, including the existing allotment under the heads previously transferred, was Rs. 2,45,29,000. From this was deducted a lump sum of Rs. 5,90,000, and the net consolidated grant was thus reduced to Rs. 2,39,39,000. The payments to be made on account of the assigned reductions in the first year amounted to Rs. 1,91,07,000, and this was to be increased every year by Rs. 3,75,000 under the heads of Excise, Stamps, Law and Justice. The balance represented the Imperial allotment to the Provincial revenues, which, subject to adjustments, was thus to be Rs. 48,32,000 in 1877-78, Rs. 44,57,000 in 1878-79; Rs. 40,82,000 in 1879-80; Rs. 37,07,000 in 1880-81, and Rs. 33,32,000 in 1881-82.

Consolidated account of five years 1877-82.

15. The following table shows the progress of the Provincial revenue and expenditure during the five years 1877—82. The Revenue side of the account includes the proceeds of the Public Works cess, and the receipts from Railways and Canals. On the expenditure side appear the charges for interest on the Capital expended and the cost of maintenance. The sum entered as a receipt under Assessed Taxes is simply the grant made to the Provincial revenues to meet the cost of collections and refunds on account of the License-tax.

Revenue.

	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.
	Rs.	Rs.	Rs.	Rs.	Rs.
Opening balance	2,88,000	*26,90,000	42,79,000	51,04,000	49,91,000
Land Revenue	1,07,000	.....	...	.....	.....
Excise	68,68,000	70,28,000	72,07,000	88,53,000	93,74,000
Assessed Taxes	...	2,98,000	4,74,000	3,50,000	3,50,000
Provincial Rates	21,05,000	30,40,000	36,14,000	35,15,000	35,50,000
Customs	75,000	90,000	99,000	1,30,000	86,000
Salt	2,72,000	1,24,000	1,03,00	1,35,000	1,47,000
Stamps	1,08,15,000	1,07,85,000	1,14,99,000	1,13,92,000	1,20,24,000
Registration	6,61,000	9,89,000	10,29,000	10,30,000	10,18,000
Minor Departments	.....	1,25,000	1,51,000	1,65,000	1,97,000
Law and Justice—					
Law and Justice Proper	8,05,000	10,52,000	10,80,000	17,58,000	17,17,000
Jails	6,89,000	5,94,000	6,96,000		
Police	92,000	4,32,000	4,76,000	4,86,000	5,23,000
Marine	14,57,000	11,76,000	11,23,000	12,76,000	10,82,000
Education	5,20,000	4,80,000	4,52,000	4,88,000	5,73,000
Medical	1.59,000	1,96,000	2,66,000	1.58,000	1,36,000
Stationery and Printing	78,000	1,10,000	98,000	1,22,000	1,22,000
Interest	.....	45,000	12,000	13,000	21,000
Miscellaneous	8,83,000	7,96,000	8,48,000	7.53,000	7,01,000
Railways	7,32,000	17,53,000	25,14.000	29,59,000	32,70,000
Irrigation and Navigation	4,95,000	15,27,000	16,69,000	16,71,000	19,55,000
Other public works	98,000	8,38,000	7,56,000	6,86,000	7,76,000
Contributions	.....	.....	6,000	...	1,39,000
Total Revenue ...	2,69,11,000	3,20,78,000	3,41,72,000	3,56,40,000	3,77,61 000
Imperial allotment	48,55,000	47,57,000	46,66,000	40,39,000	83,69,000(a)
GRAND TOTAL ...	3,20,54,000	3,95,25,000	4,31,17,000	4,47,83,000	5,11,21,000

* Includes Rs. 14,52,000 transferred from "Provincial Reserves" and Rs. 44,000 transferred from the old "Wards Fund."

(a) Includes 20 lakhs, being the refund of the special contribution from Provincial given during the Afghan War; and 23½ lakhs being the special grant to Provincial as an incident of the contract.

Expenditure.

	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.
	Rs.	Rs.	Rs.	Rs.	Rs.
Interest	20,00,000	32,14,000	34,92,000	36,32,000	33,61,000
Refunds	6,32,000	6,51,000	9,32,000	7,39,000	2,33,000*
Land Revenue	24,37,000	25 43,000	25,09,000	27,30,000	27,58,000
Forest	1,000	.....	.....	.....	.....
Excise	3,06,000	2,83,000	2,61,000	2,62,000	2,73,000
Assessed Taxes	.....	2,79,000	1,95,000	1,68,000	96,000
Provincial Rates	10 000	13,000	.....	.....	.....
Customs	7,16,000	6,99,000	6,95,000	6,98,000	6,86,000
Salt	40,000	48,000	33,000	18,000	18,000
Opium	.....	.....	2,000	1,000	13,000
Stamps	2,48,000	2,51,000	3,81,000	3,99,000	4,24,000
Registration	4,56,000	5,96,000	6,04,000	6,38,000	6,29,000
Administration	13,22,000	14,77,000	14,57,000	14,70,000	14,72,000
Minor Departments	2,65,000	2,45,000	2,80,000	2,75,000	5,03,000
Law and Justice—					
Law and Justice Proper	63,77,000	64,63,000	65,57,000	83,76,000	87,43,000
Jails	16,51,000	18,56,000	18,41,000		
Police	41,87,000	40,24,000	40,12,000	40,18,000	40,87,000
Marine	12,72,000	12,37,000	10,68,000	10,86,000	10,55,000
Education	25,24,000	24 88,000	24,75,000	25,56,000	27,76,000
Ecclesiastical	8,000	8,000	9,000	8,000	8,000
Medical	13,85,000	12,31,000	11,70,000	11,10,000	10,75,000
Stationery and Printing	8,61,000	9,52,000	8,73,000	9,46,000	8,80,000
Superannuations	.....	.....	1,000	2,000	5,000
Miscellaneous	3,21,000	2,82,000	4,32,000	3,72,000	6,65,000
Railways	6,26,000	13,47,000	20,05,000	18,98,000	30,34,000
Irrigation and Navigation	7,03,000	15,20,000	18,61,000	24,34,000	36,60,000
Other public works	25,12,000	33,45,000	33,72,000	47,60,000	67,58,000
Total	3,08,60,000	3,50,52,000	3,65,17,000	3,85,96,000	4,32,12,000
Contributions to Local	.....	1,94,000	1,81,000	1,96,000	3,66,000
Ditto to Imperial	.....	.....	13,15,000	10,00,000	.....
	3,08,60,000	3,52,46,000	3,80,13,000	3,97,92,000	4,35,78,000
Closing balance	11,94,000	42,79,000	51,04,000	49,91,000	75,43,000
GRAND TOTAL	3,20,54,000	3,95,25,000	4,31,17,000	4,47,83,000	5,11,21,000

* Decrease owing to the miscellaneous refunds now being charged against the particular service heads to which they refer.

† This is for cost of European stores included in accounts and future estimates under contingencies of the minor heads of service for which the stores are purchased.

‡ Includes Rs. 11,31,862 on account of 42 (now 41)—Miscellaneous Railway Expenditure.

16. Owing to short collections of the Public Works Cess in 1877-78, to the absence of any receipts under assessed taxes, the license tax not having then been introduced, and to various differences in the form of the accounts, it is only from 1878-79 that accurate comparison of the condition of the finances in the different years is possible. The gross revenue was Rs. 3,20,78,000 in 1878-79; it had risen to Rs. 3,77,61,000 by 1881-82. In other words, the revenue had increased at the rate of about 15 lakhs of rupees a year during the three years, though there had been no new taxation in the interval.

17. The progress of the revenue under *Excise* during this period is remarkable. While the revenue increased from 70¼ lakhs in 1878-79 to 85½ in 1880-81 and 93¾ in 1881-82, the cost of collecting it declined from Rs. 2,83,000 to Rs. 2,73,000. This was the result partly of the extension of the outstill system, and partly of the great prosperity of the province during this period.

18. A succession of good harvests with high prices had provided the people with money to spend on luxuries, and among these exciseable articles, in this as in all countries, hold a high place. There was a large increase in the consumption of duty-paying liquor where the sadar distillery system had been maintained, and also in the consumption of excise opium, of piece-goods, and of everything on which prosperous peasants are disposed to spend their surplus funds. The revenue from excise opium was Rs. 12,49,000 in 1877-78, Rs. 13,35,000 in 1878-79, Rs. 13,62,000 in 1879-80, Rs. 13,95,144 in 1880-81 and Rs. 14,47,000 in 1881-82. The increased consumption of piece-goods also bore unmistakeable testimony to the increased prosperity of the country, and confirmed the view that the excise revenue had been to a great extent improved by the greater spending power of the people. The value of these goods carried to Bengal or Bihar districts by the Eastern Bengal and East Indian Railways was Rs. 6,44,31,000 in 1879-80 and Rs. 6,91,16,000 in 1880-81.

19. The excise revenue was made over to the management of the Provincial Government for a payment rising from 64 lakhs in 1877-78 to 68 lakhs in 1881-82. The gross profit made by the Bengal Government was thus roughly 4⅓ lakhs in the first year, 5¼ lakhs in the second, 6 lakhs in the third, 18½ lakhs in the

fourth, and 25¾ lakhs in the fifth. The fixed grant for managing the revenue was Rs. 2,92,000. The actual cost was Rs. 3,06,000 in 1877-78. This was reduced by careful management to Rs. 2,73,000 in 1881-82. Thus in 1881-82 the excise receipts exceeded the receipts of 1877-78 by no less than twenty-five lakhs of rupees, while the expenditure for collecting the revenue and managing the department showed a reduction of Rs. 33,000.

20. Under *Stamps* the increase, though less rapid than under Excise was nevertheless very satisfactory and sustained. The actual receipts in 1876-77 were Rs. 95,48,000, and the revenue was made over to the Provincial Government for a payment rising by 2½ lakhs a year from Rs. 98,50,000 in 1877-78 to Rs. 1,08,50,000 in 1881-82. In 1877-78, however, there was a large increase in receipts owing to the operations under the Land Registration Act, and the actual revenue collected was Rs. 1,08,15,000. In 1878-79 the receipts were Rs. 1,07,85,000. In 1879-80 the receipts rose to Rs. 1,14,99,000, and in 1881-82 to Rs. 1,20,24,000. The increase in the estimated receipts, however, arose from a change introduced by the High Court in the procedure for obtaining copies of documents, and there was a corresponding decrease in fees formerly credited to Law and Justice, and an increase in the cost of establishments debitable to the same head. The steady and substantial increase in the Stamp Revenue from Rs. 95,48,000 in 1876-77 to Rs. 1,20,24,000 in 1881-82 was undoubtedly to a great extent the result of the increased circulation of wealth in the country, and of increased facilities for obtaining justice. But much of the increase was also due to the improved administration of the department and to the special measures taken to discover and check fraud in the use of stamps. The gross profit of the Provincial Government was roughly 9½ lakhs in 1877-78, 6¾ lakhs in 1878-79, 11½ lakhs in 1879-80, 8 lakhs in 1880-81, and 11¾ lakhs in 1881-82. The fixed grant for managing this department of the revenue was Rs. 2,38,000. The actual cost was Rs. 2,48,000 in 1877-78 and Rs. 2,51,000 in 1878-79. It amounted to Rs. 4,24,000 in 1881-82. The increase in the first year corresponds with the increase in the receipts. Larger sales of stamps must be attended by increased charges for discount. The increase in the later years was due to the transfer of the actual cost of the stamps from the head of "Stationery." The fixed grant under "Stationery" for both stamps and stationery was Rs. 4,98,000. The actual expenditure on both was Rs. 6,89,000 in 1878-79.

21. Under *Registration* the receipts steadily increased, though the progress was not so rapid in the later as it was in the earlier years. The figures from 1878-79 included Record-room receipts and Land Registration fees transferred from Land Revenue. The Registration receipts proper were Rs. 6,61,000 in 1877-78, Rs. 8,70,000 in 1878-79, Rs. 9,09,000 in 1879-80. They were only Rs. 3,66,978 in 1871-72, the first year that the revenue was under Provincial management. With increased receipts there was naturally an advance in the charges for commission on fees, by which most of the Sub-Registrars are remunerated.

22. *Law and Justice* was the third of the branches of revenue surrendered in 1877 for a progressive payment. The actual receipts in 1876-77 were Rs 7,30,000. The revenue was surrendered to the Provincial Government for a payment rising by ¼ lakh a year from Rs. 7,25,000 in 1877-78 to Rs. 8,25,000 in 1881-82. The actual receipts were Rs. 8,05,000 in 1877-78, Rs. 10,52,000 in 1878-79, and Rs. 10,80,000 in 1879-80, while they rose to Rs. 17,17,000 in 1881-82. The increase in the revenue was chiefly under the head of Fees, and corresponded in some measure with the increase under Stamps. The falling off in the later years is explained by the new procedure already alluded to in connection with stamps. The expenditure under Law and Justice showed a large increase from Rs. 63,77,000 in 1877-78 to Rs. 87,43,000 in 1881-82. The fixed grant for this service under the five years' settlement between the Imperial and Local Government is Rs. 62,97,000. There was thus a heavy charge on Provincial Funds. It was, however, precisely in order that the Local Government might have the means of providing for improved administration, involving increased expense, that improveable revenue was made over to it. The Lieutenant-Governor was able to strengthen the Subordinate Executive Service, and to increase the number of munsifs to meet the growing wants of the country in the administration of Civil Justice.

23. Under *Jails* the receipts were Rs. 6,89,000 in 1877-78. They amounted to Rs. 6,96,000 in 1879-80. The charges, on the other hand, rose from Rs. 16,51,000 in 1877-78 to Rs. 18,41,000 in 1879-80. For 1880-81 they are estimated at Rs. 17,00,000, and for 1881-82 at Rs. 22,52,000.

24. The fixed grant for the charges on account of *Land Revenue* made in 1877 was Rs. 22,62,000. With the charges which this was intended to cover were amalgamated others, chiefly for sub-divisional establishments, which were originally Provincial. The gross cost of all in 1876-77 was Rs. 23,53,000. The growing wants of the administration, however, since carried the expenditure far beyond this limit. A grant of Rs. 1,80,000 was made for the management of Government estates. Establishments were strengthened and made more efficient, and additions were sanctioned to the staff of Deputy Collectors.

25. The expenditure on *Education* was Rs. 19,58,000 in 1871-72. This included the charges in Assam. In 1875-76 the expenditure in Bengal amounted to Rs. 26,32,000. In the next year Sir Richard Temple under financial pressure reduced the expenditure to Rs. 24,48,000. Sir Ashley Eden was able to make full provision for the needs of this important department. He replaced one lakh of rupees reduced from the grant for Primary Education in 1876-77, and the gross expenditure allowed for 1881-82 was the liberal sum of Rs. 27,76,000.

26. In the *Medical* administration important savings were made. The management of the Metropolitan Hospitals was reformed and much waste of public money prevented. Government aid to dispensaries in the interior no longer took the form of a free supply of expensive instruments and drugs, and careful management ensued from the responsibility thus thrown on the directing Committees. The charges which amounted to Rs. 14,86,000 in 1875-76, Rs. 13,63,000 in 1876-77, and Rs. 13,85,000 in 1877-78, were reduced to Rs. 12,31,000 in 1878-79 and Rs. 10,75,000 in 1881-82. With this reduction in cost there was an increase in the number of persons actually receiving medical aid.

27. It will be convenient to consider together the figures under *Public Works* and the figures of the *Interest* payable on the capital invested in them. In 1877 the following works were made over to the management of the Government of Bengal with the responsibility for the payment of the interest charges on the capital expended on their construction:—Northern Bengal Railway, Tirhut Railway. Nalhati Railway, Orissa Canals, Midnapore High Level Canal, Hidgellee Canal, and Sone Canals. The Calcutta and South-Eastern Railway was also made over; but as this line had been making barely sufficient to cover the working expenses, no interest was charged on the capital. The amount of capital expenditure on which the Provincial Government was liable for interest up to the end of 1877-78 was—

	Rs.
Railways	2,10,17,000
Canals	4,56,43,000
	6,66,60,000

The sum due for interest on this capital was Rs. 30,00,000; but in consideration of the short levy of Public Works Cess, the Government of India only took Rs. 20,00,000 in that year. In 1878-79 the capital expenditure on Railways was Rs. 66,41,000 chiefly on the extension of the Northern Bengal line and the construction of the Patna and Gaya line. The expenditure on Canals was Rs. 25,44,393. In 1879-80 the expenditure was Rs. 22,12,000 on Railways and Rs. 16,14,000 on Canals. Of the first sum, however, Rs. 3,15,000 was provided from Provincial Funds in order to expedite the completion of the Patna-Gaya line. In 1881-82 the expenditure on Railways amounted to Rs. 30,34,000. chiefly for the extension of the Tirhoot line to Bettiah on the west and Peepra Ghât on the east, and Rs. 36,60,000 for expenditure on Canals.

28. In 1877-78 the receipts under *Railways* amounted to Rs. 7,32,000 and the charges to Rs. 6,26,000, while the charges for interest amounted to Rs. 8,26,000. The Northern Bengal line was only opened from Porada to Jalpaiguri in January 1878; and the extensions from Parbatipur to Rangpur and from Siliguri to Jalpaiguri were only ready for traffic, the former in July and the latter in November 1878. The Patna-Gaya line and the extension of

the Northern Bengal line to Kaunia on the Teesta were opened for traffic in June 1879. In 1880 the Lieutenant-Governor was permitted by the Government of India to begin, as a Provincial work, the construction of a line from Sonapore on the Calcutta and South-Eastern line to Mugra Hát, an important mart in the 24-Parganas district, and a sum of Rs. 2,20,000 was expended upon it from Provincial Funds. This line was constructed on the broad gauge, and was afterwards extended to Diamond Harbour. The estimates for 1881-82 included a charge of Rs. 7,50,000 for expenditure on this line. Provision was also made for the expenditure of Rs. 4,50,000 for preliminary work on a line to connect Parbutipur on the Northern Bengal Railway with the important town of Dinajpur, and of two lakhs for raising and bridging the road from Mugra to Diamond Harbour to make it available for railway extension.

29. The *Canals* which were taken over by this Government in 1877 were financially of a very different character from railways, and there was no hope of their being in a position to pay the interest on the capital invested in them for many years to come. The construction of the Orissa, Midnapore, and Hidgelee Canals was originally undertaken in 1863 by the East Indian Irrigation and Canal Company, with the most extravagant expectations of profit. Five years after the work had been begun, the Government of India purchased the canals from the Company for Rs. 1,17,28,560, and proceeded to develop a modified scheme. Up to the present these works have been a heavy drag on Provincial resources, which have to bear the charges. The receipts from irrigation on the Orissa and Midnapore Canals, however, show a steady increase; leases are taking the place of yearly agreements; and, as the system of distributaries is extended, it is hoped that the revenue will gradually develop. The opening of the Sone Canals gave a great impetus to the extension of sugarcane cultivation, and caused a considerable increase in the agricultural wealth of the tracts supplied. The Commissioner, in 1879-80, estimated the increase of profit derived from this source by the people of Shahabad at Rs. 4,73,000 per annum.

30. The following table shows the net receipts from each work during the period 1877-82, with the interest charges payable in each year:—

	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.
	Rs.	Rs.	Rs.	Rs.	Rs.
Orissa Canals	—54,970	—57,090	—96,996	—40,000	(—)1,06,000
Midnapore ,, ...	—33,730	—2,120	92,822	27,000	22,000
Hidgellee ,, ...	81,720	87,610	3,500	29,000	19,000
Sone ,, ...	—1,51,110	67,120	1,74,291	6,000	2,79,000
Total net receipts ...	—2,08,090	45,520	1,73,614	22,000	2,14,000
Interest charges ...	20,03,270	21,20,416	22,04,767	22,75,000	20,75,000

31. Apart from these schemes, the Government of Sir Ashley Eden also undertook other irrigation and canal works from Provincial Funds. A sum of Rs. 6,28,000 was spent on a canal to connect the river Gunduk with the principal water-courses of the Saran district. A still more important work was the Joojooty Scheme, whereby a constant supply of pure water from the river Damoodah was poured into old channels in the Burdwan and Hooghly districts. The silting up of these channels was undoubtedly for many years the cause of much disease and suffering throughout a large tract of country, and the introduction of a copious supply of pure water for drinking and irrigation purposes was expected to have a marked effect on the health and prosperity of the people. With the admission of the river water there was an almost entire disappearance of the epidemic which so long raged among the villages situated on the banks of the silted-up channels in the Hooghly district. It was calculated that nearly nine-tenths of the inhabitants of these villages were swept away in the epidemic which prevailed before 1877. The beds of these water-courses were studded with pools of stagnant water, which, as the dry season advanced, became more and more fœtid and noxious, and spread disease and death among the people who consumed the fluid. At the same time the drainage of the country was obstructed by the endeavours of the people to collect and retain water for agricultural purposes.

32. Sanction was also given to the construction, from Provincial Funds, of a navigation canal to connect the existing tidal canal in Hidgellee with the Orissa system. This was a work of the first importance. Orissa was then wholly

dependent on the sea for its communications with Bengal; the coasting trade could only be carried on by large vessels; the ports were bad; and if any serious failure of the crops occurred, it was impossible to throw a sufficient supply of food into the province. The projected canal was intended to bring Orissa into direct inland communication with Bengal, so that steamers and country boats would be able to ply at all seasons of the year, and while the province will be protected from famine, a large expansion of trade might be confidently expected.

33. It is not possible to make any useful comparison of the expenditure under *other Public Works* before and after the contracts of 1877. The expenditure on works during the scarcity of 1874 was abnormal, the Provincial balances were exhausted, and the Government of India found it necessary to accept the outlay, and to make the local Government a net grant of five lakhs with which to begin the year 1876-77. The expenditure on Ordinary Public Works during that year was Rs. 25,59,000. In 1877-78 Sir Ashley Eden found it necessary to proceed with extreme caution in the matter of expenditure. The charges thrown upon the Provincial revenues on account of Productive Public Works were very serious; the full outturn of the Public Works Cess could not be obtained during the year; and he recognized the necessity of securing a substantial working balance to provide for emergencies. The expenditure in this year was therefore restricted to Rs. 25,12,000. In framing the revised estimates for 1878-79, the Lieutenant-Governor found it possible to make provision for various important and useful schemes that had been left in abeyance for want of funds; but in this year and the next the expenditure was, under instruction, kept down in consequence of the financial difficulties which famine, war, and adverse exchange had brought upon the Government of India. In 1879 the Government of India found itself compelled to call upon Local Governments to make all possible reductions in expenditure. The orders went so far as to direct that no new work estimated to cost more than Rs. 2,500 should be commenced, even though it might have already received the sanction of Government. In order to avoid the necessity of peremptorily putting a stop to works, the Lieutenant-Governor offered a special contribution of 20 lakhs to Imperial Funds. Under the influence of the same policy of retrenchment unduly low estimates were made for 1880-81, but the Lieutenant-Governor was afterwards permitted by the Government of India to increase the grant by 20 lakhs, and the expenditure during the year was Rs. 47,60,000. In 1881-82, the Public Works expenditure aggregated Rs. 67,58,000 and included, besides miscellaneous improvements on buildings, and on the construction, bridging, and metalling of Provincial roads, provision for new Court-houses at Scaldah, Jessore, Mymensingh, Dacca, Ranchi, Gaya, Darbhanga, and Motihari, for various sub-divisional buildings and Munsifs' Courts, for new Jails at Jalpaiguri, Bogra, Pabna, Gaya, Darbhanga, and Motihari, for a college at Rampur-Boalia, and a Railway school at Kurseong, and for the completion of the new Secretariat buildings and the new Obstetric Hospital at the Medical College.

Summary of financial results of five years 1877-82.

34. That the system of decentralization was up to this time thoroughly successful in Bengal is sufficiently clear from the foregoing sketch. The revenues increased rapidly, independently of any new taxation; useless expenditure was curtailed; and funds were made available for improvement under all branches of the Administration. The three heads of improveable revenue made over to the management of the Provincial Government, with an income of 165¼ lakhs in 1876-77, showed an income of not less than 213 lakhs in 1881-82. In the meanwhile, the Government was able to carry out numerous works of improvement, many of which, under the previous system, would have been indefinitely postponed. Besides making a special contribution of 20 lakhs to the Imperial treasury in time of need, means were found during these five years to increase the staff of executive and judicial officers; to provide increased facilities for the administration of justice; to increase the grant for education; to make grants-in-aid of district communications, and of works of drainage, sanitation, and municipal improvement; to build schools, colleges, and hospitals; to replace the huts in which the public business was transacted, or prisoners were confined, by substantial masonry court-houses and jails; to spend 20 lakhs on railways which have since brought in a large return, 5⅓ lakhs on tramways, ¾ of a lakh on a steamer service to improve communications with Assam, and 2 lakhs on a road to develop the trade with Thibet; to lay out 11 lakhs on the first portion of a work which will develop the trade of Orissa and protect it from famine;

and to devote 38¼ lakhs to improving navigation and providing a supply of pure water for the people. While 77½ lakhs were thus expended on great measures of material improvement, and the expenditure on Ordinary Public Works was increased from Rs. 25,12,000 in 1877-78 to Rs. 67,58,000, exclusive of expenditure on preliminary works of railway construction, in 1881-82, and while no legitimate outlay was spared to strengthen every department of the Administration, the five years' period, which opened with a credit balance of Rs. 2,88,000 only, closed with a credit balance of Rs. 75,43,000. When it is recollected that under the system which prevailed before 1871 every new charge required the sanction of the Imperial Government, that the decision on the demands of each province took no cognizance of the extent to which it had contributed to the general Exchequer, that nothing was to be gained by economy, because money left unspent by any one Government was practically lost to it, and only went to increase the amount to be scrambled for by all, some idea may be formed of the advantages which Bengal had reaped up to this time from the control of its own finances.

35. . The principal features of the contract of 1877 have been described above. The Local Government was allowed, as in the first contract of 1870, to appropriate the whole of the receipts under the heads of Police, Jails, Registration, Education, Medical, Printing, Roads and Civil Buildings, and received in addition a gross annual allotment of Rs. 1,10,59,000 to meet the charges on account of these departments. The receipts from *Excise*, *Stamps*, and *Law and Justice* (proper) were also made over to the Provincial Government in consideration of a payment to the Imperial Treasury of lump contract sums, which were to increase by one lakh per annum in the case of Excise, and 2¾ lakhs per annum in the case of Stamps and Law and Justice. The following heads of revenue were also made over in return for fixed contract payments, viz., *Customs* (miscellaneous receipts), *Salt* (minor items), *Marine* and *Miscellaneous*. On the expenditure side, the Local Government was entrusted with the management of the following heads of expenditure, receiving in each case an annual grant of fixed amount:—*Refunds* of the assigned revenues, *Land Revenue*, *Excise*, *Customs*, *Salt*, *Stamps*, *Administration*, *Minor Departments*, *Law and Justice*, *Marine*, *Miscellaneous*, and one or two smaller items. Simultaneously—and this was one of the most important elements of the contract—the gross receipts of certain railways and canals which had been, or were to be, constructed with borrowed capital were transferred to the Local Government, which also became responsible for the working expenses of the same and for the payment to the Imperial Government of the interest charges on the capital with which they had been constructed. As these interest charges were expected to exceed considerably the net earnings of the works thus provincialised, the Lieutenant-Governor was authorised to impose special provincial taxation to make up the deficiency, and to this end the Public Works Cess was imposed by Act II (B.C.) of 1877. The provincialisation of these charges for interest, and the introduction of the Public Works Cess, formed integral parts of Sir John Strachey's scheme of famine finance.

36. The contract of 1877 thus fell naturally into three parts—(1) in respect of the branches of service which had been provincialised by Lord Mayo, the old principle was retained: a fixed annual grant was made from Imperial revenues, which, together with the receipts of those departments, was expected to cover their expenditure, any growth of charges being provided for from the increase in the receipts. (2) In respect of the civil heads of revenue and expenditure then provincialised for the first time, a separate contract was made for each head of revenue and for each head of expenditure; the rates of increase in the payments on account of the revenue from Excise, Stamps and Law and Justice being advisedly taken at a low figure, so as to leave the Local Government a margin wherewith to meet the normal growth of civil expenditure for which no direct allowance was made. (3) In respect of public works constructed from borrowed capital, the Lieutenant-Governor was authorised to resort to local taxation to make good the deficit of interest charges in excess of net earnings.

37. The contract, which came into force in 1882, differed materially from that which it succeeded. The principles on which it proceeded were the following:—

Contract of 1882—87.

Instead of giving the Local Government a fixed sum of money to make good any excess of provincialised expenditure over provincialised receipts, a certain proportion of the Imperial revenue was devoted to this object. A few heads

were reserved as Imperial; others were divided in proportions, for the most part equal, between Imperial and Provincial; the rest were made Provincial. The balance of transfers, being against the Local Government, was rectified by a fixed percentage on its Land Revenue otherwise reserved as Imperial. At the same time a distinct declaration was made of the policy to be followed during the term of the contract. The Imperial Government was to make no demand on the Local Government, except in the case of disaster so abnormal as to exhaust the Imperial reserves and resources, and to necessitate a suspension of the entire machinery of public improvement throughout the Empire. On the other hand the Local Government was to look for no special aid from the Imperial Government, except in the case of severe famine. and then only within the following limits:—(1) current income must have been exhausted, every avoidable expense in every department having been retrenched, and the public works grants applied to famine work to the very utmost possible; (2) savings of past years in excess of the ordinary working balance must have been drawn upon to two-thirds of their total amount; (3) the margin of Provincial surplus in normal was made be liable for the completion of works begun as relief works, and where there was no need of such completion, was to be chargeable up to one-fourth at most for payment of interest on any Imperial loans which may have been raised to meet the excess cost of the famine in general.

38. The following were the principal additions made to the provincial receipts and charges under the new scheme:—This Government was admitted to a half share in the receipts from Forests and Assessed Taxes, and took all the receipts under the heads of Superannuations, Miscellaneous, and Other Public Works, except contributions from the military and medical funds; gain by exchange on Imperial transactions, premium on bills and unclaimed bills of exchange; receipts from military works; and any unspecified miscellaneous receipts exceeding Rs. 10,000. Under Forests and Assessed Taxes it was liable for half the charges. The Imperial Government only retained under Land Revenue the same percentage on charges for collection and on the cost of surveys and settlements as was retained of land revenue. To the existing provincial charges was added under Law and Justice and Medical all that was reserved as Imperial; under Stationery and Printing all except the cost of stationery purchased from central stores; and under Other Public Works, the charges for Museums, Educational Buildings, and Light-houses. On the other hand, one-half the net receipts from Excise, Stamps, and Registration, including record-room fees, was surrendered to the Imperial Government. The percentage of Land Revenue was, however, only calculated after allowing for the claim of the Government of India to share in the general improvement that had resulted to the Provincial revenues during the five years then just expired. That share was fixed at 30 lakhs a year. From this the Government of India deducted three lakhs to be expended on the improvement of the Subordinate Executive and Judicial Services and the establishment of the new district of Khulna In order, too, that the Local Government might not be embarrassed by a sudden reduction of 27 lakhs in its income, His Excellency the Governor-General in Council added a sum of 28½ lakhs to the credit balance of the Province for 1881-82.

39. The amount of percentage of Land Revenue which, under the new scheme was assigned to this Government, was calculated, as stated above, upon the basis of the regular estimate for the year 1881-82. It was fixed at 32·2284. A sum of Rs. 30,00,000 was, on account of the annual contribution to the Government of India, added to the Provincial deficit, provision being at the same time made for an additional expenditure of three lakhs for the improvement of the Subordinate Civil Service and for a new district of Khulna.

40. The chief points in which the contract of 1882 differed from that of 1877 were the following:—*First*, the excess of provincialised expenditure over provincialised receipts was balanced, not by an annual allotment of fixed amount, but by a fixed percentage of the land revenue of the Province. Inasmuch as the receipts credited under Land Revenue are to some extent capable of improvement, and ordinarily show a tendency towards steady, if small, increase, this change was to the advantage of the Local Government. *Secondly*, the Local Government was no longer permitted to appropriate the whole of the increase in the three principal sources of improvable revenue, viz., Excise, Stamps, and Registration. Under the former contract, the increase which the Local

Government had to surrender was only one lakh of rupees per annum under Excise, 2¾ lakhs per annum under Stamps (combined with Law and Justice), and *nil* under Registration; whereas the actual rate of increase averaged nearly six lakhs per annum under Excise, 4¾ lakhs under Stamps and Law and Justice, and Rs. 90,000 under Registration. Under the old contract the whole of this profit went to the Local Government: under the new arrangement one-half went to the Government of India. This change operated greatly to the disadvantage of the Provincial revenues, whose expansive power was thereby largely diminished.

41. The *third* point of difference between the contracts of 1882 and 1877 lay in the extension of the interest of the Local Government to the revenue heads of *Assessed Taxes* and *Forests*, and to the receipts and expenditure under *Superannuations*, and certain sub-heads of branches of service of which the bulk was already Provincial.

42. The last important point of difference was that the contract of 1882 was a *consolidated* contract. In other words, no attempt was made to estimate the future receipts and expenditure under separate heads and to fix distinct assignments for each. The new arrangements were applied to the revised estimates for 1881-82 as a whole; the total receipts were compared with the total expenditure; and (after making a deduction of 27 lakhs from the Revenue side, being the share of the profit on the old contract which the Imperial Government decided to appropriate) the adjusting percentage of Land Revenue was calculated so as to balance the account.

43. following statements show the actual receipts and expenditure of the period 1882-87.

Consolidated accounts of five years 1882-87.

REVENUE.

Receipts.	Actuals, 1882-83.	Actuals, 1883-84.	Actuals, 1884-85.	Actuals, 1885-86.	Actuals, 1886-87.
	Rs.	Rs.	Rs.	Rs.	Rs.
Opening balance	75,43,005	21,46,903	6,86,636	12,02,044	14,60,818
Principal Heads of Revenue—					
I.—Land Revenue	1,30,54,115	91,93,743	1,28,31,915	1,29,60,300	1,31,10,080
III.—Salt	1,64,999	99,984	1,24,556	1,01,470	1,02,120
IV.—Stamps	61,06,765	62,88,457	64,95,607	66,29,030	67,31,589
V.—Excise	48,94,483	52,12,096	50,26,110	47,92,350	50,62,913
VI.—Provincial Rates	30,06,713	38,14,746	37,64,961	38,71,170	39,95,254
VII.—Customs	71,276	54,224	61,032	51,180	68,810
VIII.—Assessed Taxes	7,80,149	7,58,797	7,48,243	7,66,800	7,66,798
IX.—Forest	3,40,979	3,47,167	2,85,576	2,98,710	3,26,817
X.—Registration	5,19,942	4,91,480	5,41,200	5,46,930	5,19,218
Total ...	2,95,25,441	2,62,61,294	2,98,79,200	3,00,17,940	3,06,83,597
XII.—Interest	44,227	67,614	74,242	73,340	82,640
Post Office, Telegraph and Mint—					
XIV.—Telegraph	.....	94	22	50	1,063
Receipts by Civil Departments—					
XVI.—Law and Justice—					
Fees, fines and forfeitures of Judicial Courts	8,23,309	7,63,875	7,54,500	7,40,870	7,56,324
Jails	8,46,672	6,45,823	7,28,720	7,86,762	7,44,617
XVII.—Police	4,86,449	5,02,803	6,05,862	6,00,630	6,03,260
XVIII.—Marine	9,51,880	8,96,260	7,71,044	8,51,000	8,97,193
XIX.—Education	5,21,235	5,31,648	5,23,556	5,24,310	5,28,817
XX.—Medical	1,32,934	1,41,756	1,48,262	1,46,270	1,56,482
XXI.—Scientific and other Minor Departments	1,67,830	2,05,567	1,55,519	1,17,980	1,22,221
Total ...	39,30,318	37,47,732	37,78,063	38,57,822	38,74,914
Miscellaneous—					
XXII.—Receipts in aid of Superannuations ...	72,798	75,347	61,609	52,650	46,247
XXIII.—Stationery and Printing	1,46,615	1,20,715	1,08,423	1,93,970	2,02,531
XXV.—Miscellaneous	5,53,726	7,14,621	8,37,682	6,07,550	7,02,760
Total ...	7,73,139	9,10,683	10,07,844	8,54,170	9,51,537
Railways—					
XXVI.—State Railways (gross earnings) ...	37,88,454	41,24,074	42,87,293	44,72,801	52,71,606
Irrigation—					
XXIX.—Major works (direct receipts)	13,03,246	11,69,841	13,07,521	15,84,935	13,86,020
XXX.—Minor works and Navigation	7,68,259	7,92,338	7,77,818	10,32,040	8,30,164
Total ...	20,71,505	19,62,179	20,85,339	26,16,975	22,25,793
Buildings and Roads—					
XXXII.—Civil Works—					
By Public Works Department ...	2,13,126	2,02,292	6,30,152	2,28,670	3,50,255
By Civil Department	5,22,510	5,88,345	6,21,303	5,17,696	4,81,091
Total ...	7,35,636	7,90,637	12,60,455	7,46,366	8,67,346
Contributions	21,754	.....	20,000	.....	16,104
Total Revenue ...	4,08,00,474	3,78,04,307	4,23,92,458	4,26,30,464	4,39,74,600
Grand Total ...	4,84,33,479	4,00,11,210	4,30,79,094	4,38,41,508	4,54,14,418

EXPENDITURE.

Expenditure.	Actuals, 1882-83.	Actuals, 1883-84.	Actuals, 1884-85.	Actuals, 1885-86.	Actuals, 1886-87.
	Rs.	Rs.	Rs.	Rs.	Rs.
Direct demands on the Revenues—					
1. Refunds and drawbacks	1,21,264	1,42,429	1,39,772	1,28,920	1,20,319
Charges in respect of collection—					
3. Land Revenue	30,93,566	33,03,038	32,75,069	33,67,300	34,99,676
4. Opium	19,017	.....	.. ...	....	...
5. Salt	17,626	16,320	21,048	18,130	11,005
6. Stamps	2,13,830	2,20,350	2,33,664	2,46,210	2,42,576
7. Excise	1,33,958	1,36,147	1,44,333	1,61,320	1,88,903
8. Provincial Rates	.....	.. ...		...	37,772
9. Customs	5,57,547	4,85,898	4,98,143	4,90,160	5,13,707
10. Assessed Taxes	47,416	48,342	46,947	43,780	43,780
11. Forests	1,91,063	1,93,849	2,05,663	1,85,180	2,11,391
12. Registration	3,13,650	2,78,933	2,96 741	3,00,680	2,81,187
Total ...	47,08,937	48,27,306	48,61,380	49,41,680	51,50,316
Post Office, Telegraph and Mint—					
16. Telegraph	.....	2,814	955	640	863
Salaries and expenses of Civil Departments—					
18. General administration	15,10,493	15,45,027	16,05,594	15,82,360	15,93,887
19. Law and Justice—					
Judicial Courts	92,76,255	93,18,108	94,09,177	97,39,430	79,52,620
Jails					16,60,127
20. Police	44,60,624	45,85,893	48,02,147	47,87,580	47,03,840
21. Marine (including River Navigation) ...	9,51,039	8,60,143	8,47,151	8,20,070	8,53,014
22. Education	30,16,318	31,55,409	34,00,405	32,94,530	33,53,892
24. Medical	13,71,873	13,63,645	14,56,187	14,39,010	14,64,036
25. Political	.. ...	447	.. ...	... ..	.. ...
26. Scientific and other Minor Departments ...	3,50,541	3,97,685	3,50,866	3,54,230	2,95,128
Total ...	2,09,37,143	2,12,35,358	2,18,71,527	2,20,26,210	2,18,82,544
Miscellaneous Civil Charges—					
29. Superannuation allowances and pensions ...	11,79,455	11,40,086	11,99,258	12,39,270	12,67,353
30. Stationery and Printing	10,51,283	9,27,844	10 86 430	11,13,990	10,39,353
32. Miscellaneous	4,52,573	3,70,628	3,97,467	4,51,730	3,76,830
Total ...	26,83,311	24,38,558	26,83,155	28,04,990	26,83,536
Famine Relief and Insurance—					
33. Famine relief	.....	.....	5,770	1,23,840	.....
37. Construction of Railways	.....(a)	..... (a)	.....(a)	21,580	3,302
Railway Revenue Account—					
38. State Railways—					
Working expenses	20,40,250	24,99,810	30,72,039	30,39,260	31,42,937
Interest on debt	14,13,620	15,93,830	17,15,257	19,07,310	20,67,753
40. Subsidized Companies, Land, &c.	10,600	39,723	57,984	25,970	1,074
41. Miscellaneous Railway expenditure ...	18,49,463	—27,60,039	1,31 643	29,090	54,866
Total ...	53,13,933	13,73,324	49,76,923	50,02,230	52,66,630
Irrigation—					
42. Major Works—					
Workings expenses	11,47,967	10,69,394	11,79,758	11,53,420	13,32,600
Interest on debt	21,15,506	21,60,700	22 12,627	22,49,190	22,73,490
43. Minor Works and Navigation	23,67,231	11,77,816	8,16,172	10,62,950	6,90,635
Total ...	56,30,704	44,07,970	42,08,557	44,65,560	42,96,725
Buildings and Roads—					
45. Civil Works—					
By Public Works Department	66,82,711	45,75,267	27,15,149	27,26,650	38,85,406
By Civil Department	46,679	1,43,549	2,99,183	58,070	76,650
Total ...	67,28,890	47,18,816	30,14,332	27,84,720	39,62,056
Contributions ..	2,83,663	3,20,431	2,54,451	2,00,310	1,99,462
Total ...	4,62,86,581	3,93,24,575	4,18,77,050	4,23,71,600	4,34,45,494
Closing balance ...	21,46,898	6,86,635	12,02,044	14,69,818	19,98,924
Grand Total ...	4,84,33,479	4,00,11,210	4,30,79,094	4,38,41,508	4,54,44,418

(a) Included under 41 Miscellaneous Railway expenditure.

44. The following figures illustrate the progress of the province during the contract of 1882—87 :—

		Revenue. (Contract estimate.)	1882-83.	1886-87.
		Rs.	Rs.	Rs.
Land Revenue	...	1,22,32,000	1,30,54,000	1,31,10,000
Stamps	...	59,00,000	61,07,000	67,32,000
Excise	...	49,55,000	48,94,000	50,63,000
Provincial rates	...	35,40,000	36,07,000	39,95,000
Assessed taxes	...	8,25,000	7,60,000	7,67,000
Forests	...	3,14,000	3,47,000	3,27 000
Registration	...	4,96,000	5,20,000	5,19,000
Law and Justice	...	16,00,000	16,70,000	15,01,000
Jails	...			
Marine	...	10,44,000	9,52,000	8,97,000

Expenditure.

		(Contract estimate.)	1882-83.	1886-87.
		Rs.	Rs.	Rs.
Land Revenue	...	28,91,000	30,94,000	35,00,000
Forests	...	1,98,000	1,91,000	2,11,000
Registration	...	3,05,000	3,14,000	2,81,000
Law and Justice	...	88,33,000	92,76,000	79,53,000
Jails	...			16,66,000
Police	...	41,32,000	44,61,000	47,04,000
Education	...	26,77,000	30,16,000	33,54,000
Marine	...	10,97,000	9,51,000	8,53,000
Civil works	...	67,52,000	67,29,000	39,62,000
Contributions	...	3,33,000	2,84,000	1,99,000
State Railways (capital)	...	11,32,000	18,49,000	58,000
Irrigation (capital)	...	19,29,000	8,40,000	2,18,000

45. The figures shown in the last paragraph against *Land Revenue* receipts are the net sum credited to Provincial after all adjustments had been made. Eliminating these, we get the following result:—

	Contract estimate.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land revenue proper ...	1,21,34,000	1,22,28,000	1,22,20,000	1,20,60,000	1,24,28,000	1,24,97,000
Grant for Government estates	1,95,000	3,94,000	3,69,000	3,94,000	3,85,000	4,25,000
Total ...	1,23,29,000	1,26,22,000	1,25,89,000	1,24,54,000	1,28,13,000	1,29,22,000

46. When it is remembered that only a small part of Bengal is temporarily settled, and that 1884-85 and 1885-86 were years of unfavourable harvests, the improvement seems fairly satisfactory. The improvement on the grant for the management of Government estates (which was then fixed at 10 per cent. on collections and has since been raised to 12) was much greater than in the case of Land Revenue proper. This, however, did not represent any real relief to the Provincial revenues, as the whole amount of this grant was devoted to the improvement of the estates in question.

47. The expenditure charged under *Land Revenue*, which was wholly Provincial (except the charge for Surveys and Settlements, which was divided in the same proportion as the receipts are divided), rose from Rs. 28,91,000 to Rs. 35,00,000, or by Rs. 6,09,000 in five years. The chief causes of increase under this head were the creation of the district of Khulna, the improvement in the pay and position of the Subordinate Executive Service (half of whose salary is shown against Land Revenue, and half against Law and Justice), and the additional expenditure on Government estates, which was balanced by the higher receipts referred to in the last preceding paragraph. The pay of the Directorship of Agriculture, which was sanctioned in 1884 temporarily for two years, was also shown under this head, as well as the Provincial share of the survey of Muzaffarpur under the Tenancy Act. These two items, which were not in existence when the contract was made, alone account for Rs. 1,12,000 of the total increase.

48. Under the head of *Stamps*, the development of the revenue was steady and continuous. The total receipts, which had risen from Rs. 1,08,15,000 in 1877-78 to Rs. 1,20,24,000 in 1881-82, again rose to Rs. 1,32,58,000 in 1885-86, and to Rs. 1,34,63,000 in 1886-87. The contract estimate of receipts (Provincial share) was taken at 59 lakhs, while the actuals were Rs. 61,07,000, Rs. 62,88,000, Rs. 64,96,000, Rs. 66,29,000, and Rs. 67,32,000 respectively. The profit of the Local Government on the contract under this head was therefore about 2 lakhs in the first year, 3¾ lakhs in the second, 6 lakhs in the third, 7¼ lakhs in the fourth, and 8½ lakhs in the fifth. The increase was uniformly distributed over the whole period of the contract. There was no legislation during this period affecting the

stamp laws, but a material portion of the improvement in the revenue was undoubtedly due to the arrangements under which process-serving fees in revenue courts, and copying fees, were levied in court-fee stamps instead of in cash. To the former cause at least Rs. 50,000 of the increase in 1884-85 were due, and larger sums in the following years. The remainder of the increase, of which two lakhs came under non-judicial stamps, and upwards of 10 lakhs under court-fees, was attributable to improved administration and greater facilities for obtaining justice. The expenditure of this department, the contract grant for which was fixed in 1881-82 at Rs. 2,17,000, was Rs. 2,14,000, Rs. 2,20,000 Rs. 2,34,000, Rs. 2,46,000, and Rs. 2,43,000 in each year of the contract, the ultimate increase being only Rs. 26,000. More than half of this increase, small as it is, was due to the greater cost of the new description of court-fee stamps introduced during 1884-85 for greater security against fraud. The direct cost of raising the stamp revenue in Bengal was slightly over $3\frac{3}{4}$ per cent.

49. Under the previous contract, the extraordinary development of the revenue from *Excise*, and the consequent profit to the Provincial revenues, were among the most striking features of the financial history of the period. Between 1877-78 and 1881-82 the receipts from this source rose from Rs. 68,68,000 to Rs. 93,74,000, or by close upon 25 lakhs of rupees; and the whole of this, except 4 lakhs, represented clear gain to the Local Government. Simultaneously the corresponding charges were reduced by improved administration from Rs. 3,06,000 to Rs. 2,73,000. This remarkable increase was due partly to the outstill system, the general adoption of which dates from the first year of Sir Ashley Eden's government and also to the bumper harvests, the activity of trade, and the general prosperity of the country which marked the three years 1879-80, 1880-81, and 1881-82.

50. A serious check in the excise revenue was anticipated by Sir Ashley Eden, and his anticipations were fulfilled to the letter. The flood tide of commercial and agricultural prosperity reached high-water mark in 1883, and the ebb was swift and extreme. The rainfall in that year was deficient and unevenly distributed; and though no actual distress occurred at that time, the advance in the price of food and the recession in the wages of labour in the western districts injuriously affected the settlements of the outstills, which are highly sensitive to seasonal influences. The revenue from country spirits in 1884-85 fell short of that of the previous year by Rs. 1,13,000 (the decrease being almost entirely in the Patna Division), and this would have been more than doubled but for a large apparent increase of Rs. 1,28,000 in Calcutta, which represented advance payments for the triennial period 1884-87. In 1884 and 1885 the rainfall was again unfavourable in quantity and distribution, and the failure the crops was so serious in parts of the Burdwan, Presidency, and Rajshahi Divisions as to exhaust the reserves of the villagers and necessitate the opening of relief works by Government. In 1883, a Commission was appointed under the presidency of Mr. Edgar, C.S.I., to enquire into the working of the outstill system and its chief recommendations were approved by Government and carried into effect. The Sadar distillery system was re introduced into all considerable towns where country liquor is the principal alcoholic drink of the people. These include Patna, Gaya, Arrah, Chapra, Bettiah, Muzaffarpur, Darbhanga, Monghyr, Jamalpore, Bhagalpur, Murshidabad, Berhampore, Burdwan and Dacca. The hours of working and sale were contracted. The sale of liquor to children was rigidly prohibited. District officers were instructed to allow District and Municipal Boards a voice in the selection of sites and other matters of local interest; and a large addition was made to the supervising and detective staff including ten Special Deputy Collectors, who were selected for their knowledge of and aptitude for excise work, and who were employed on that work alone. The increase of expenditure incurred in giving effect to these proposals was considerable.

51. The head of *Provincial Rates*, which is wholly Provincial, represents principally the proceeds of the Public Works Cess, but it includes also the rates for the general management of Wards' and Attached estates, and from October 1886 the recoveries from District Funds of the proportional cost of collecting Road Cess. The contract estimate of receipts was taken in 1881-82 at Rs. 35,40,000, and the actuals in each year were Rs. 36,07,000, Rs. 38,15,000, Rs. 37,65,000, Rs. 38,71,000, and Rs. 39,95,000. The profit of the Local Government was

therefore Rs. 67,000 in 1882-83, Rs. 2,75,000 in 1883-84, Rs. 2,25,000 in 1884-85, Rs. 3,31,000 in 1885-86, and Rs. 4,55,000 in 1886-87. This increase was due to revaluations which were in progress in almost every district during the period of the contract.

52. The head of *Assessed Taxes*, which was wholly Imperial under the former contract, and was equally divided between Imperial and Provincial in the contract of 1882, represents the receipts of the abolished License-tax. The Income-tax was at first wholly Imperial; and the figures shown under this head for 1886-87 merely represent the grants made by the Supreme Government—of amounts equal to those credited to Provincial in 1885-86—to avoid the disturbance of the contracts. The depression of trade, which marked the greater part of the period 1882—87, and which was intensified for Bengal by special causes, such as the through opening of the Rajputana-Malwa State Railway in the latter part of 1881, and the consequent diversion of a part of the trade of Northern India to Bombay, injuriously affected the receipts from this source. The contract of 1882 was framed on the basis of a revenue of Rs. 8,25,000 (Provincial share) from this source, whereas the actuals were Rs. 7,60,000, Rs. 7,59,000, Rs. 7,48,000, Rs. 7,67,000, and Rs. 7,67,000, respectively. The aggregate loss to the Provincial revenues exceeded therefore 3¼ lakhs of rupees during the currency of the contract, notwithstanding that special efforts were made to ensure the accuracy of the assessments, and to prevent the escape of persons legally liable.

53. The Public Works Cess and the License-tax represent the taxation imposed in Bengal (the former being peculiar to the province) in connection with the scheme of "famine finance," with which the name of Sir John Strachey is associated. That scheme proposed to improve the financial position of the Empire to the extent of two crores of rupees a year, of which 50 lakhs were to be regarded as a normal working surplus, while 150 lakhs were to be devoted to famine insurance, being expended either on actual relief, on reduction of debt, or on the construction of remunerative works calculated to prevent or mitigate the severity of famine. Part of this sum it was proposed to provide by new taxation (*i.e.* by the License tax), and part by throwing additional charges on the Provincial Governments; but as far as Bengal is concerned, the whole contribution paid towards the so-called Famine Fund was raised by additional taxation; for the charges thrown on Provincial by the Contract of 1877, which consisted mainly of the interest on provincialized railways and canals, were met by the imposition of the Public Works Cess, which, as already stated, is peculiar to Bengal. The total net sum contributed by Bengal in each year since 1878-79 under these two heads was as follows:—

Net contribution (receipts, less cost of collection).	1878-79.	1879-80.	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assessed taxes ...	17,21,000	20,88,000	12,18,000	15,43,000	14,26,000	14,22,000	14,02,000	14,46,000	*14,46,000
Provincial rates ...	35,93,000	35,67,000	34,68,000	35,03,000	35,60,000	37,68,000	37,18,000	38,04,000	38,59,000
Total ...	53,14,000	56,55,000	46,86,000	50,46,000	49,86,000	51,90,000	51,20,000	52,50,000	53,05,000

* The substitution of the Income-tax for the License-tax makes it impossible to determine the correct contribution to be paid in 1886-87. But it may be assumed that the License-tax, if continued, would have yielded the same amount as in 1885-86.

54. In 1880-81 the minimum assessable limit was raised to Rs. 500, with the result of exempting about 66,567 assessees of the poorest classes, and giving up about 5½ lakhs of net revenue. These figures show that since 1878-79, the first year in which the new taxes were in full operation, the people of Bengal paid rather more than half a million sterling per annum as an insurance against famine. During this period the only expenditure in the province on actual relief of famine or the construction of protective works was as follows:—

	1878-79.	1879-80.	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	Total.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Famine Relief	... ..	.....	.....	.....	62,940	12,760	14,841	1,23,840	Nil.	2,14,381
Protective works, Railways ..	.....	.....	.....	.....	Nil.	Nil.	Nil.	Nil.	Nil.	... ..
Protective works, Irrigation ..	.....	.....	.....	.....	Nil.	3,00,000	4,00,000	Nil.	Nil.	7,00,000
Total ...	.....	.....	.....	.....	62,940	3,12,760	4,14,841	1,23,840	Nil.	9,14,381

55. Under the heads of Forests and Registration, the following figures compare the net revenue in each year with the contract estimate:—

FORESTS.—(*Imperial and Provincial.*)

	Contract estimate.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Receipts ...	6,28,000	6,94,000	6,94,000	5,72,000	5,97,000	6,54,000
Expenditure ...	3,96,000	3,82,000	3,88,000	4,12,000	3,70,000	4,23,000
Net revenue ...	2,32,000	3,12,000	3,06,000	1,60,000	2,27,000	2,31,000
Provincial share .	1,16,000	1,56,000	1,53,000	80,000	1,13,000	1,16,000

REGISTRATION.—(*Imperial and Provincial.*)

	Contract estimate.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Receipts ...	9,92,000	10,40,000	9,82,000	10,82,000	10,94,000	10,38,000
Expenditure ..	6,09,000	6,28,000	5,58,000	5,94,000	6,01,000	5,62,000
Net revenue ...	3,83,000	4,12,000	4,24,000	4,88,000	4,93,000	4,76,000
Provincial share ...	1,91,000	2,06,000	2,12,000	2,44,000	2,47,000	2,38,000

56. The *Forest* Department in Bengal is of comparatively little importance from a revenue point of view; and during 1882-87 the depression of trade caused a slackness in the demand for timber, especially for railway sleepers. The operations of the five years resulted in a small aggregate profit of Rs. 38,000. From 1883-84 revenue record-room receipts and charges were transferred from Registration to Land Revenue. These averaged about Rs. 85,000 and Rs. 70,000 a year respectively, so that the net revenue under Registration was really about Rs. 15,000 a year more than appears from the above statement. Allowing for this, it will be seen that the net revenue from this source increased in five years from Rs. 3,83,000 to Rs. 4,91,000, or by over 28 per cent., while the profit of the Provincial Government amounted to Rs. 2,22,000 during the whole period of the contract. These satisfactory results were due to the steady introduction of rural in place of official agency, and to the increase of registrations consequent on the passing of the Bengal Tenancy Act.

57. Under the heads of *Law and Justice* (proper) and *Jails* the contract worked very unfavourably for the Local Government. On the receipt side the contract estimate was taken at 9 lakhs and 7 lakhs, respectively, the former including an item of 8 lakhs under the subhead of general fines, fees, and forfeitures, while the latter was almost wholly composed of the sale proceeds of jail manufactures. Under the latter head the estimate was realised, except in 1883-84, when the orders of Lord Ripon's Government restricting jail manufactures reduced the receipts from that source to Rs. 6,38,000. The total receipts from jails in each year were Rs. 8,47,000, Rs. 6,46,000, Rs. 7,29,000, Rs. 7,87,000, and Rs. 7,45,000, against the contract estimate of 7 lakhs. The receipts from fees and fines, however, never came up to the estimate, and the total receipts under Law and Justice (proper) were Rs. 8,23,000, Rs. 7,64,000, Rs. 7,55,000, Rs. 7,41,000, and Rs. 7,56,000, against the contract estimate of 9 lakhs. The net loss on the whole contract was about 4 lakhs of rupees. The expenditure on these two branches of the administration rose from a contract estimate (1881-82) of Rs. 88,33,000 to Rs. 96,19,000 in the last year, and the deficit which had to be made up from other sources was Rs. 4,43,000, Rs. 4,85,000, Rs. 5,76,000, Rs. 9,06,000, and Rs. 7,86,000 in each year since the contract was framed. Valuable reforms were carried out in the

Jail Department, including the reorganisation and complete equipment of the personnel of the superior staff, the development of the Central Jails at Dacca and Midnapore, the establishment of a district jail at Khulna, the introduction of warder guards in place of police, the establishment of a new Juvenile Reformatory at Hazaribagh, and the large development of that at Alipore. These measures cost nearly 1½ lakhs per annum. The rise in the price of food increased the expense of dieting prisoners by an equal sum, though the jail population steadily diminished in numbers. During the five years, the pay of the Subordinate Judicial Service was improved at a cost of about 1½ lakhs a year. Seven Subordinate Judges and 12 munsifs were added to the permanent staff, while numerous temporary officers were appointed. Three additional Judges were temporarily appointed to clear off arrears in the High Court. For the rest, the increase in litigation caused a steady continuous increase in the charges for ministerial establishments, for the service of processes, and for the copying of judicial documents.

58. Under the head of *Police* the contract grant was fixed at Rs. 41,82,000, and the actual expenditure in 1881-82 was Rs. 40,87,000. From the beginning of 1882-83, however, the cost of police in mufassal municipalities was assumed by Government, and a charge of about 4½ lakhs per annum, for which the terms of the contract made no provision, was thus added to the Provincial burdens. There was a set off against this of about one lakh under Medical, and half a lakh under Education, on account of various charges which were simultaneously transferred to Municipal Boards; and the net cost of this reform was about 3 lakhs a year since the beginning of the contract. This was increased by Rs. 61,000 a year from the beginning of 1884-85, when by Act IV (B.C.) of 1884 a similar measure of relief was extended to the Howrah and Suburban Municipalites, which since then paid only Rs. 49,000 a year for police, instead of Rs. 1,10,000 a year as formerly.

59. Under *Marine* the net receipts and charges in each year since 1882-83 were as follows:—

	Contract estimate.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross receipts* ...	11,09,000	10,17,000	9,61,000	8,37,000	9,16,000	9,62,000
Charges ...	10,97,000	9,51,000	8,69,000	8,47,000	8,29,000	8,53,000
Net receipts ...	12,000	66,000	92,000	.....	87,000	1,09,000
Net charges ...	.....	.....	.....	10,000	.....	.....

* Includes in each year a special allotment of Rs. 65,000 for the cost of the *Undaunted*, credited under Land Revenue.

The falling off in receipts was wholly due to the stagnation of trade. In 1881-82, the last year of Sir Ashley Eden's administration, the number of vessels which entered the Port of Calcutta was 1,074, with a total tonnage of 1,808,005, while the number of clearances was 1,058, with a total tonnage of 1,774,084. In both cases the number of vessels and the aggregate tonnage reached the highest figure ever recorded at Calcutta. By 1884-85 the shipping had fallen to 903 entries with a tonnage of 1,729,874, and 923 clearances with a tonnage of 1,745,271, representing the smallest aggregate trade that has visited Calcutta in any year since the opening of the Suez Canal.

Except in respect of pilotage the Bengal Marine Department is of little importance. The only matters of note during the five years 1882-87 were the grant of a subsidy of Rs. 35,000 a year to Messrs. Macneill and Company since 1883-84 for a rapid steamer service between Dhubri and Dibrughar; and a grant of Rs. 10,000 a year to the same firm, for a similar service to Sylhet. In both cases the subsidies were supplementary of similar grants made by the Chief Commissioner of Assam.

60. The expenditure on *Education* was taken in the contract estimates at Rs. 26,77,000. The actual expenditure in each year was Rs. 30,16,000 Rs. 31,55,000, Rs. 34,00,000, Rs. 32,95,000, and Rs. 33,54,000. Up to 1884-85 it was possible to provide annually increasing allotments for this branch of service, but since then the demands of other Departments swallowed up

the scanty increments of the Provincial revenues, and educational expenditure remained stationary. Efforts were, however, made to give effect to the recommendations of the Education Commission. The inspecting staff was strengthened by the appointment of two new Inspectors of Schools, four Joint and Assistant Inspectors, three Deputy Inspectors, and 16 Sub-Inspectors, while the pay of the latter class of officers was raised to Rs. 50 wherever it was less than that sum. These measures were carried out at a cost of Rs. 60,000 a year. The primary grant was gradually raised from 5 lakhs, at which it stood at the close of Sir Ashley Eden's term of office, to 7½ lakhs; while the annual provision for grants-in-aid of schools managed by independent agency was simultaneously raised by upwards of 1½ lakhs. The transfer of police charges to Government enabled Municipal Boards to increase their expenditure on education by upwards of Rs. 60,000 a year. The limited resources at the disposal of Government made it impossible to do much in the way of developing technical education, but it was not altogether neglected. The Engineering College at Sibpur was enlarged and developed, and the School of Art in Calcutta was sedulously encouraged, and made rapid strides in the number of its students and the quality of the instruction imparted.

61. The operation of the contract was more keenly felt in the *Public Works Department* than in any other branch of the public service. The Government of India originally proposed to settle the terms of the contract on the basis of a normal expenditure of 75 lakhs a year for public works of all kinds, including the maintenance, repair, and working expenses of all railways and canals, the construction of new works, and the construction, maintenance and repair of civil roads and buildings, but exclusive of interest charges. Sir Ashley Eden strenuously urged that the grant should not be less than 99 lakhs, the average of the preceding three years, but eventually the offer of the Government of India was accepted with the modification that a lump sum of 15 lakhs, equivalent to 3 lakhs a year, was credited to the Local Government.

62. The following table shows the actual expenditure incurred in each year since 1881-82:—

	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways (Capital).	11,32,000	18,49,000	8,27,000	1,32,000	51,000	58,000
Subsidised Railways	.....	11,000	40,000	58,000	26,000	1,000
Irrigation (Capital)	22,09,000	17,18,000	5,03,000	2,02,000	3,77,000	2,18,000
Civil works ...	66,87,000	66,82,000	45,75,000	27,15,000	27,27,000	38,85,000
Total ...	1,10,28,000	1,02,60,000	59,45,000	31,07,000	31,81,000	41,62,000

63. The dwindling of the grants under every head was most striking. During the first two years of the contract funds were provided, though with difficulty, for the Dinajpur branch of the Northern Bengal State Railway, and for the completion of the Diamond-Harbour branch of the Calcutta and South-Eastern Railway, the whole cost of which was found from Provincial revenues. With the completion of these works, the construction of railways from Provincial funds was entirely suspended, the small sums shown in 1884-85 and subsequent years being merely on account of the Kaunia-Dhurlla State Railway which is a Provincial work. In respect of irrigation works, the course of events was almost precisely similar. No new work of any kind was undertaken during the term of the 1882—87 contract, and it was with the utmost difficulty that funds were provided for the improvement of the Calcutta canals, and the prosecution of the Orissa Coast Canal, both of which works had been undertaken during Sir Ashley Eden's term of office. The Orissa Coast Canal, designed to place Orissa in inland communication with Bengal, and likely to be of the highest value in the event of famine, was begun in 1881. The final opening of the canal was delayed in consequence of unexpected difficulties in locking the Burrabulong river, and of the damage done by the cyclone of September 1885, which also caused the estimates to be exceeded. This work was admittedly *protective* in its nature, and its

importance chiefly consists in the security it is calculated to afford against famine. Yet the only assistance which the Bengal Government received in its construction from the Famine grants consisted of two grants of three and four lakhs respectively, given on the condition that the Imperial Government should share proportionately in the receipts. The whole of the remainder of the cost, which was expected to amount to nearly 40 lakhs, was provided from Provincial Funds, and nearly 20 lakhs of this were found during the currency of the contract.

64. During the first two years of his administration, Sir Rivers Thompson endeavoured to provide for the completion of works in progress and to meet the demand for new works to the full extent of the balance at credit of the Province. The offices of the Bengal Government in Calcutta were completed, court-houses were completed or constructed at Jessore, Mymensingh, Faridpur, Pabna, Gaya, Ranchi, and Darbhanga; jails at Dacca, Midnapore, Buxar, Gaya, Ranchi, Darbhanga, Bogra, Mymensingh and Purulia; the Secretariat offices at Darjeeling since converted into the Deputy Commissioner's Court were begun; numerous sub-divisional court-houses and munsifis were constructed, and a variety of miscellaneous public improvements carried out. By the end of 1883-84, however, the Provincial balances had been reduced to Rs. 6,87,000, and at this juncture the Secretary of State issued orders that they should not ordinarily be allowed to fall below 20 lakhs. The Public Works grant for 1884-85 including Civil Works in charge of Civil Department was therefore restricted to 30 lakhs; and that for 1885-86 was, under pressure of the complications on the North-West frontier, cut down to Rs. 27,85,000.

65. Sir Rivers Thompson's power of making contributions from the Provincial revenues in aid of public objects was greatly circumscribed by financial pressure. The expenditure in no one year exceeded Rs. 3,20,000, and averaged about 2½ lakhs a year; and when it is remembered that nearly 1½ lakhs a year represent compulsory payments of an official nature, the available balance is seen to be exceedingly small. Nevertheless, it was found possible to give grants of Rs. 50,000 each to the municipalities of Burdwan, Bhagalpur, and the Suburbs of Calcutta in aid of local schemes of water-supply; of Rs. 46,000 to the District Road Committee of the 24-Parganas; of Rs. 55,000 to that of Champaran; and of Rs. 20,000 to that of Nadia, for feeder roads; of Rs. 30,000 to the Darjeeling Municipality for the construction of a market, a wire tramway for the removal of rubbish, and other local works; of Rs. 10,000 for the improvement of the town of Chittagong; of Rs. 15,000 for drainage works in Serampore; and of numerous smaller amounts to District Road Committees and Municipal Boards for miscellaneous objects. The Lieutenant-Governor also gave large grants from the balance of the Wahabee Fund for the improvement of the town and district of Patna, including a sum of Rs. 30,000 for a much needed road from the city chowk to the Railway Ferry Ghat, and a grant-in-aid of Rs. 10,000 towards the Anglo-Arabic School established for the special encouragement of Muhammadan education.

66. The following table shows the net financial result of the working of all Provincial *Railways* and *Canals*, whether technically classed as Productive Public Works or not, during each year from 1881-82 to 1886-87.

RAILWAYS.

	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross receipts ...	32,70,000	37,88,000	41,24,000	43,10,000*	45,03,000	53,02,000
Working expenses	19,03,000	20,40,000	25,00,000	30,72,000	30,39,000	31,43,000
Net earnings ...	13,67,000	17,48,000	16,24,000	12,38,000	14,64,000	21,59,000
Interest ...	12,86,000	14,14,000	15,94,000	17,15,000	19,07,000	20,68,000
Net profit ...	81,000	3,34,000	30,000	.....	.....	91,000
Net loss ...	.....	.....	.....	4,77,000	4,43,000	.....

* From the 1st July 1884, the Calcutta and South-Eastern Railway was resumed by the Imperial Government, and its receipts and charges disappear from the Provincial account. A lump sum of Rs. 22,500 for 1884-85, and of Rs. 30,000 for each succeeding year (credited on this account under Land Revenue) is here added to gross earnings, and the interest charges are also diminished by the amount credited to Provincial on this account.

CANALS.

	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross receipts ...	19,55,000	20,72,000	19,62,000	20,85,000	26,17,000	22,26,000
Working expenses	14,51,000	17,97,000	17,44,000	17,93,000	18,39,000	18,05,000
Net earnings ...	5,04,000	2,75,000	2,18,000	2,92,000	7,78,000	4,21,000
Interest ...	20,75,000	21,16,000	21,61,000	22,13,000	22,49,000	22,73,000
Net loss ...	15,71,000	18,41,000	19,43,000	19,21,000	14,71,000	18,52,000

By the end of 1881-82, when the contract of 1877 came to an end, the total capital expenditure on State Railways in Bengal (exclusive of the East Indian Railway and private lines) amounted to 427 lakhs of rupees, and the mileage of lines open for traffic was 467. Interest, however, was payable only on 336 lakhs, the remainder consisting of Provincial contributions and the capital of the Calcutta and South-Eastern Railway. The principal lines which were then under the control of the Government of Bengal were the Northern Bengal State Railway with an open mileage of 230, the Tirhoot State Railway with 85 miles, the Patna-Gaya with 57 miles, the Calcutta and South-Eastern Railway with 33, and the Kaunia-Dharla (a Provincial railway) with 40. During the five years 1882-87, 19 miles were added to the Northern-Bengal State Railway by the opening of the branch to Dinajpur; the Tirhoot system was practically completed by the construction of branches to Bettiah, Jhinjarpur, and Hajipur, aggregating about 160 miles; a branch of the Calcutta and South-Eastern State Railway was constructed to Diamond Harbour; and an entirely new line, 85 miles in length, was constructed connecting Naraingunj, Dacca, and Mymensingh. A swift daily steamer service was started between Naraingunj and Goalundo on the Eastern Bengal State Railway, and the chief districts of Eastern Bengal were thus placed in close communication with Calcutta. These works cost 147½ lakhs of rupees, of which upwards of 124 lakhs bore interest at 4 per cent., the remainder having been provided from the Provincial revenues. Seventy-eight lakhs and a half were spent on the Assam-Bihar State Railway, designed to link the Tirhut and Northern Bengal systems, and including the important bridge across the Gunduck to connect the Tirhut line with the Bengal and North-Western Railway. The early part of the contract of 1882-87 witnessed unusual activity in the construction of railways by private agency. Short branch lines were constructed by private bodies and firms connecting Tarkessur with Seoraphuli on the East Indian Railway and Baidyanath with Deoghur and Rohini. The Central Bengal Railway Company constructed lines aggregating 125 miles in length, connecting Ranaghat on the Eastern Bengal State Railway with Bongong and Khulna; and the Bengal and North-Western Company, receiving a guarantee from the Imperial Government, constructed a valuable and most successful railway, 460 miles in length, from the North-Western Provinces to Sonepore on the Ganges opposite Patna.

67. The table given in the last-preceding paragraph shows that while the gross receipts on the State Railways rose from Rs. 32,70,000 to Rs. 53,02,000 (or, excluding the Calcutta and South Eastern Railway, from Rs. 31,10,000 to Rs. 52,72,000), this improvement was accompanied by so heavy an increase of working expenses and interest that the net loss to the Provincial Government during the five years covered by the contract was Rs. 4,65,000. A considerable part of this was due to the locking up of capital on lines not yet open for traffic, or still in their infancy. For instance, close upon 90 lakhs of rupees was spent upon the Assam-Bihar line. The Bengal Government had to pay 4 per cent. per annum on this capital, which of course represented so much dead weight to be carried by the open lines. Similarly, 64 lakhs were spent on the Dacca State Railway, which, though certain to yield a handsome return ultimately, could do little more during the contract than pay its working expenses. For similar reasons part of the capital expended on the Tirhoot State Railway was only partially

productive. But much of the retrogression was undoubtedly due to the stagnation of trade in the years succeeding 1883-84, combined with the failure of the food-grain harvests in parts of Bihar, and of the jute crop in Bengal. The only Provincial railways of importance which were open sufficiently long for a fair comparison are the Northern Bengal, the Patna-Gaya, and the Tirhoot State Railways. The following table shows the capital outlay on each of these lines (both Imperial and Provincial), the gross receipts, working expenses, net earnings, and percentage of earnings to capital, in each year from 1881-82 to 1885-86:—

NORTHERN BENGAL STATE RAILWAY.

	Capital to end of year.	Gross receipts.	Working expenses.	Net earnings.	Percentage of earnings on capital.
	Rs.	Rs.	Rs.	Rs.	
1881-82 ...	2,09,54,000	19,27,000	9,60,000	9,67,000	4·6
1882-83 ...	2,16,52,000	22,80,000	10,72,000	12,08,000	5 5
1883-84 ...	2,25,43,000	21,33,000	12,35,000	8,98,000	3·9
1884-85 ...	2,16,73,000	21,67,000	15,20,000	6,47,000	2·9
1885-86 ...	2,27,72,000	23,39,000	14,70,000	8,69,000	3·8

TIRHUT STATE RAILWAY.

	Capital to end of year.	Gross receipts.	Working expenses.	Net earnings.	Percentage of earnings on capital.
	Rs.	Rs.	Rs	Rs.	
1881-82 ...	1,15,17,000	5,79,000	3,49,000	2,30,000	1·9
1882-83 ...	1,18,14,000	7,10,000	4,41,000	2,69,000	2·2
1883-84 ...	1,40,56,000	9,82,000	6,79,000	3,03,000	2·1
1884-85 ...	1,50,73,000	12,50.000	9,68,000	2,82,000	1·8
1885-86 ...	1,52,71,000	12,80,000	9,12,000	3,68,000	2·4

PATNA-GAYA STATE RAILWAY.

	Capital to end of year.	Gross receipts.	Working expenses.	Net earnings.	Percentage of earnings on capital.
	Rs.	Rs.	Rs.	Rs.	
1881-82 ...	38,56,000	5,36,000	3,41,000	1,95,000	5
1882-83 ...	38,58,000	3,98,000	2,71,000	1,27,000	3·2
1883-84 ...	37,63,000	4,70,000	2,34,000	2,36,000	6·3
1884-85 ...	39,40,000	5,18,000	2,98,000	2,20,000	5·6
1885-86 ...	40,38,000	5,17,000	2,72,000	2,45,000	6

68. The net results of the working of the *canals* under the Bengal Government fluctuated less, chiefly for the reason that deficient rainfall, which tends to contract the traffic on railways, stimulates the demand for water for irrigation purposes. The works managed by the Bengal Government included the Orissa and Midnapore Canals, the Hidgellee Tidal Canal, and the Sone system, which are classed as Productive Public Works; and the Orissa Coast Canal, the Calcutta and Eastern Canals, the Nuddea works, and the Saran and Damoodar Canals, which are not classed as productive.

69. The general financial result of the contract of 1882 may be summarised thus—the revenue, which was estimated at Rs. 3,93,21,000, averaged

Summary of financial results of five years 1882-87.

Rs. 4,15,52,000, giving an increase of Rs. 22,31,000; the expenditure, which was estimated at Rs. 4,48,53,000, averaged only Rs. 4,26,61,000, being a reduction of Rs. 21,92,000; and the deficit, which averaged Rs. 11,09,000, was met by drawing upon the accumulated balances of the province to the extent of Rs. 55,44,000. The chief branches of revenue which contributed to the increase in receipts were Stamps, Provincial Rates, and Registration; while the reduction in expenditure was almost wholly confined to the Public Works Department, in which the grants for civil works, for capital expenditure on railways and canals, and for irrigation (net charges) were cut down so as not merely to balance the account, but to provide for a large increase of expenditure on Revenue establishments, Judicial Courts, Jails, Police, Education, Superannuations, and the net charges of Provincial State Railways. The contract closed with a credit balance in the Imperial Treasury of only Rs. 19,99,000, which was short by Rs. 1,000 only of the minimum working balance of twenty lakhs which had been prescribed by the Secretary of State.

70. From these figures, and from what has gone before, it may readily be perceived how different was the task imposed on Sir Rivers Thompson from that which fell to the lot of his predecessor. Sir Ashley Eden enjoyed the advantage of a contract, which secured to the province under his control the entire benefit accruing from improved administration, and which in the event yielded financial results surpassing all anticipation. His term of office was favoured with entire immunity from famine and other forms of natural disaster; the commercial torpor then paralysing the industries of the civilized world had not yet spread to India; and a succession of splendid harvests raised the cultivating classes almost into temporary affluence. The ample resources thus unexpectedly brought within his reach he liberally employed in improving many branches of the machinery of Government and in supplying the province with railways, canals, public buildings and other permanent improvements, of which the want had long been admitted. During the five years 1882-87, the financial history of Bengal was altogether different. The contract of 1877 was succeeded by a settlement, which left little scope for the development of the Provincial revenues, and which speedily necessitated a serious contraction in the scale of Provincial expenditure. Trade at last succumbed to the influences which had produced universal stagnation in the commercial world of Europe and America, and its languishing vitality was promptly reflected in many branches of the public exchequer. A scanty and uneven rainfall in three years in succession swallowed up the profits of five years of plenty, and although actual distress was nowhere so acute as to call for the intervention of the State, except on a small and partial scale, in many districts the resources of the poorer classes were wholly exhausted, and no margin whatever left for expenditure on luxuries. It was often difficult to provide adequately for the ordinary requirements of the public service, and it was necessary rather to seek for opportunities of effecting economies than of introducing administrative reforms. The chief measures of Sir Rivers Thompson's Government of Bengal were of the class to which large financial resources are not indispensable. The Bengal Tenancy Act, the prosecution of the Kidderpore Docks for which the capital was found by the Government of India, the grant of an elective constitution to Municipal Boards, the inauguration of self-government in the interior, the introduction of competitive examinations for appointment to the Subordinate Civil Service, the appointment of the Commission for the revision of ministerial salaries, and the re-arrangement of work and authority in district and divisional offices—all these are measures whose importance is mainly economic and political and which leave little trace on the financial history of the time. Nevertheless funds were provided for certain reforms and improvements which the progress of the province had rendered more than ordinarily pressing. The establishment of an Agricultural Department supplied a want to which in other provinces a much higher degree of priority had been attached, and which the revision of the law of landlord and tenant in Bengal had forced into immediate prominence. The increase to the salaries of the Subordinate Executive and Judicial Services improved the prospects of a deserving body of public servants. The appointment of additional judicial officers supplied the means of a swifter, and therefore of a better, administration of justice. The progressive additions to

the grant for primary education kept pace with the downward filtration among the masses of the desire for mental improvement. The Calcutta Exhibition of 1883-84 was instrumental in spreading a wider knowledge of the raw products of India among the manufacturers of Europe, and in acquainting the native population of this country with the capabilities of European machinery. In taking over and carrying on the Iron-works at Barrakur, the Lieutenant-Governor kept alive the embers of an industry which cannot fail to have a great future before it, when the mineral wealth of Chota Nagpur and Central India shall have been adequately exploited. The Orissa Coast Canal was a work of supreme importance for the security of the province of Orissa, and its speedy completion forms the only safeguard against a repetition of the calamity of 1865-66.

Contract of 1887—92.

71. The following comparative statements show the results under receipts and expenditure according to the contract assignment with the Governmet of India for the five years 1887-92 compared with the actuals of the subsequent years:—

REVENUE.

Receipts.	Contract assignment.	Actuals, 1887-88.	Actuals, 1888-89.	Actuals, 1889-90.	Actuals, 1890-91.	Actuals, 1891-92.
		Rs.	Rs.	Rs.	Rs.	Rs.
Opening balance		19,98,924	33,08,991	26,51,072	36,76,547	24,73,774
Principal heads of Revenue—						
I.—Land Revenue. { Proper	98,53,000	97,88,195	95,87,775	1,00,16,495	99,92,530	} 1,14,02,365
{ Adjustment ...	—6,89,000	(—)2,40,185	(—)5,01,838	(+)1,61,032	(—)22,97,338	
II.—Salt	1,00,000	78,207	88,195	1,23,718	1,28,226	1,10,854
IV.—Stamps	1,00,87,000	1,03,62,028	1,03,79,239	1,06,78,523	1,06,85,194	1,13,35,346
V.—Excise	24,32,000	27,16,436	27,22,909	26,18,829	26,16,210	27,83,491
VI.—Provincial Rates	39,20,000	42,34,538	41,56,323	43,06,024	43,19,983	46,24,517
VII.—Customs	57,000	59,584	46,891	55,094	57,973	57,104
VIII.—Assessed Taxes	17,84,000	18,69,971	19,55,696	20,85,503	21,19,441	21,53,964
IX.—Forests	3,50,000	3,28,897	3,38,454	3,84,359	3,63,696	3,94,776
X.—Registration	5,38,000	5,06 912	5,46,772	6,00,033	6,19,539	6,67,156
Total ...	2,84,82,000	2,97,98,583	2,93,20,418	3,10,27,610	2,86,05,404	3,34,19,593
III.—Interest	73,000	67,093	97,383	1,04,267	92,509	1,16,163
Post Office, Telegraph and Mint—						
XIV.—Telegraphs	.....	1,163	926	868	129	.....
Receipts by Civil Department—						
XVI.—Law and Justice—						
Fees, fines, and forfeitures of Judicial Courts ...	7,69,000	7,74,255	7,89,538	8,04,582	8,06,337	8,81,816
Jails	8,46,000	7,10,279	7,75,021	8,59,502	7,56,293	9,27,642
XVII.—Police	7,05,000	3,13,349	3,38,197	4,36,742	4,51,078	4,48,634
XVIII.—Marine	8,08,000	9,10,096	9,11,734	8,54,207	9,18,736	9,65,408
XIX.—Education	5,25,000	6,94,653	6,11,884	5,69,861	5,75,686	5,05,123
XX.—Medical...	1,46,000	1,38,554	1,36,165	1,46,353	1,42,812	1,46,848
XXI.—Scientific and other Minor Departments	1,41,000	1,56,308	1,65,154	1,55,780	1,77,394	1,96,040
Total ...	39,40,000	36,97,494	37,27,693	38,17,026	39,28,936	41,60,711
Miscellaneous—						
XXII.—Receipts in aid of superannuation	41,000	45,504	48,849	45,601	1,26,507	1,26,979
XXIII.—Stationery and Printing ...	1,23,000	1,88,397	1,75,074	1,50,506	2,94,147	1,87,368
XXV.—Miscellaneous	7,45,000	6,94,837	8,34,785	8,02,574	7,70,249	8,36,024
Total ...	9,09,000	9,28,738	10,58,708	9,98,681	11,90,903	11,20,371
Railways—						
XXXVI.—State Railways (gross earnings)	1,00,19,000	1,12,73,485	1,17,33,868	1,25,04,406	1,46,45,003	1,60,39,547
Irrigation—						
XXIX.—Major works (direct receipts)	13,30,000	11,03,229	13,94,369	15,21,274	13,40,728	16,02,710
XXX.—Minor works and navigation—						
By Public Works Department	} 9,44,000	{ 8,62,602	8,67,844	7,88,642	8,44,063	8,17,934
By Civil Department ...		1,02,008	1,02,154	1,02,130	93,637	1,17,692
Total ...	22,74,000	20,67,899	23,64,367	24,12,046	22,84,427	25,38,336
Buildings and Roads—						
XXII.—Civil works—						
By Public Works Department	} 7,50,000	{ 1,75,422	2,00,076	2,52,843	4,73,445	} 4,05,262
By Civil Department		2,27,379	2,74,564	3,16,758	2,64,451	
Total ...	7,50,000	4,02,801	4,74,640	5,69,601	7,36,896	4,05,262
Total ...	4,64,47,000	4,81,47,256	4,87,78,003	5,14,34,505	5,14,84,267	5,78,01,963
Grand Total ...	.....	5,01,46,180	5,20,86,994	5,40,85,577	5,51,60,754	6,02,74,757

EXPENDITURE.

EXPENDITURE.	Contract assignment.	Actuals, 1887-88.	Actuals, 1888-89.	Actuals, 1889-90.	Actuals, 1890-91.	Actuals, 1891-92.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Direct demands on the revenues—						
1. Refunds and Drawbacks	1,55,000	1,56,096	1,40,156	1,50,185	1,48,135	1,54,203
2. Assignments and Compensations	1,66,000	1,88,565	1,39,200	1,55,060	1,63,447	1,66,129
Charges in respect of collection—						
3. Land Revenue	34,08,000	34,05,966	35,13,059	35,47,957	36,30,903	41,14,334
5. Salt	11,000	12,369	21,224	46,521	68,258	81,608
6. Stamps	3,75,000	3,64,216	3,70,384	3,84,679	3,63,941	3,38,834
7. Excise	96,000	1,06,629	1,08,602	1,41,480	1,62,972	1,66,416
8. Provincial Rates	.....	3,47,213	3,17,410	3,37,184	4,05,660	4,34,286
9. Customs	4,97,000	5,30,638	5,24,020	5,39,442	5,42,115	5,18,724
10. Assessed Taxes	85,000	75,705	74,865	80,649	87,930	90,014
11. Forests	2,25,000	1,94,850	1,88,101	1,96,985	2,06,666	2,10,235
12. Registration	2,95,000	2,89,231	2,99,729	3,14,316	3,14,872	3,41,736
Total ...	53,15,000	56,71,487	56,96,800	58,96,458	60,94,967	65,86,510
13. Interest on ordinary debt ...	.....	.....	45,802	67,637	84,461	1,01,134
Post Office, Telegraph and Mint—						
15. Post Office	.....	.....	.....	.....	.....	4,498
16. Telegraphs	1,000	915	884	868	(—)481	.....
Salaries and expenses of Civil Department—						
18. General Administration	15,62,000	15,42,879	15,71,096	16,20,623	15,84,964	16,16,331
19. Law and Justice—						
Judicial Courts	80,11,000	79,40,386	81,01,737	81,54,840	82,40,807	84,62,775
Jails	17,28,000	15,31,690	17,95,795	18,39,078	20,40,307	20,22,010
20. Police	47,48,000	47,86,787	48,34,029	52,93,625	53,65,884	59,61,810
21. Marine	7,81,000	9,16,601	10,71,199	12,11,342	9,40,470	9,42,251
22. Education	32,46,000	24,22,231	24,58,200	24,94,936	25,24,854	25,51,576
24. Medical	14,59,000	14,43,691	14,87,730	15,29,158	15,65,936	15,96,727
25. Political	.....	.....	24,462	21,273	21,891	34,505
26. Scientific and other Minor Departments.	3,30,000	3,03,598	3,10,050	3,04,008	2,97,048	3,12,858
Total ...	2,18,65,000	2,08,87,253	2,16,54,348	2,25,28,383	2,20,82,071	2,34,90,843
Miscellaneous—						
29. Superannuation, &c.	12,54,000	12,79,572	13,70,007	14,36,145	15,13,417	15,99,525
30. Stationery and Printing	10,59,000	10,46,423	10,21,438	9,89,272	11,51,087	13,35,849
32. Miscellaneous	3,48,000	3,43,134	2,40,632	2,44,974	2,25,640	2,95,254
Total ...	26,61,000	26,69,129	26,32,077	26,70,391	28,90,144	32,30,628
Famine Relief and Insurance—						
33. Famine Relief	.....	.....	54,338	1,34,269	12,682	.....
37. Construction of Railways ...	... ..	(—)1,849	(—)10,803	235	13,040	7,750
Railways (Revenue Account) —						
38. State Railways—						
Working expenses	59,61,000	59,34,865	59,49,007	60,84,635	71,30,816	1,04,88,632
Interest on debt	28,02,000	30,81,696	32,61,382	34,32,670	35,81,548	36,98,508
40. Subsidized Companies—						
Land, &c.	.....	49	(—)366	1,072	5,129	1,358
41. Miscellaneous Railway expenditure.	.....	68,290	1,42,692	83,510	79,914	76,164
Total ...	87,63,000	90,84,900	93,52,715	96,00,887	1,07,97,407	1,42,64,662
Irrigation—						
42. Major works—						
Working expenses	11,25,000	15,03,585	14,18,000	13,55,565	13,51,272	13,54,171
Interest on debt	23,94,000	23,13,446	23,39,849	23,64,042	23,81,997	24,03,107
43. Minor works and navigation—						
Minor works by Public Works Department.	11,48,000	15,18,533	14,75,746	14,19,180	15,02,088	15,59,796
Minor works by Civil Department.	2,000	1,916	1,911	2,017	11,508	14,553
Total ...	45,69,000	53,37,480	52,35,506	51,40,804	52,47,765	53,31,627
Buildings and Roads—						
45. Civil works—						
By Public Works Department	31,14,000	27,61,075	39,04,303	31,24,008	35,06,058	40,25,425
By Civil Department		1,65,736	1,19,658	61,640	65,416	
Total ...	31,14,000	29,26,811	40,23,961	31,85,648	35,71,474	40,25,425
Contributions ..	1,59,000	2,61,063	7,50,184	11,82,950	8,94,450	8,78,840
Total ...	4,64,47,000	4,66,37,189	4,94,35,922	5,04,09,030	5,26,87,980	5,79,21,326
Closing balance ...	.....	33,08,991	26,51,072	36,76,547	24,72,774	23,53,431
GRAND TOTAL ...	.....	5,01,46,180	5,20,86,994	5,40,85,577	5,51,60,754	6,02,74,757
Provincial surplus (+) or deficit (—)	.....	(+)13,10,067	(—)6,57,919	(+)10,25,475	(—)12,03,773	(—)1,19,343

72. The contract of 1887 between the Government of India and the Government of Bengal was based on arrangements made by the Finance Committee. No material advance in the system of decentralisation was made, but by a redistribution of the shares of the Imperial and Provincial Governments in the three principal heads of Land Revenue, Stamps and Excise, and by certain reductions in expenditure which were considered feasble, a general standard of normal revenue and expenditure was obtained, which was adopted as the "Ruling account." The surplus of this account,

amounting to Rs. 6,89,000, was appropriated by the Government of India through the Land Revenue head, leaving the province with a Revenue and Expenditure exactly equal. Under this arrangement the Government of Bengal was admitted to a quarter share in the land revenue collections, except those from Government estates, whilst under Stamps and Excise its share was changed from one-half to three-fourths and one-fourth respectively. The proportion of charges under Stamps and Excise followed the proportion of receipts. The cost of surveys and settlements and the maintenance of agricultural works and embankments was made entirely Provincial. Refunds and drawbacks followed the proportions assigned for the revenues. The Patna-Gaya State Railway was made Imperial, and the Eastern Bengal State Railway System Provincial, with this reservation that any excess over 30 lakhs in the net revenue from the Eastern Bengal State Railway proper would be credited to Imperial revenues, and that any deficiency below 20 lakhs would be made good by Imperial to Provincial. The interest on funds provided for outlay on State Railways and Irrigation Major Works was borne by the Provincial revenues and calculated on the entire capital outlay, including loss by exchange, from the commencement of operations, but excluding the amount advanced from Provincial revenues during the term of the contract.

The only important change made since the contract was finally settled was the transfer of the management of the Tirhoot State Railway to the Bengal and North-Western Railway Company from 1st July 1890. This change did not, however, materially affect the resources of the Provincial Government, although its accounts were swollen by the inclusion of the receipts and working expenses of the Railway, and the payment of the Company's share of the net receipts from the entire undertaking.

73. The first year of the contract, 1887-88, was a period of comparative prosperity. The receipts under the principal heads of revenue were highly favourable. Railways showed a great advance above the contract estimate, and at the same time there was a large reduction of expenditure in the Civil Department. To a considerable extent this reduction was fictitious, as the savings under the head of Education were adjusted by corresponding grants made to District Boards. But these adjustments were not completed within the year, and while the accounts closed with a small increase of expenditure over the contract assignment of only Rs. 3,90,189, the increase in receipts was Rs. 17,00,256. The net surplus of the year was Rs. 13,10,067 and the closing cash balance Rs. 33,08,991.

74. The year 1888-89 opened accordingly under favourable conditions. But the harvest generally was a poor one, and the elasticity of the revenues which had been marked under several years of prosperity suffered a severe check. For the first time for many years the stamp revenue receded. But the income from railways continued to show a satisfactory increase. It was from this cause mainly that the total receipts of the year were about 6¼ lakhs of rupees more than they were in 1887-88. The expenditure side showed, however, an increase of nearly 26 lakhs. This was largely due to the increased grant for civil works of about 11 lakhs. This grant was made when it was known that the credit opening balance of the year was more than 33 lakhs, and financial prospects in other directions were generally good. The additional grant was urgently required and was very profitably expended. There was an unavoidable increase in expenditure under Railways, under Contributions to District Boards, and an augmented outlay under most heads of general administration. The net financial results of the year were, however, less unsatisfactory than was at one time anticipated. The accounts closed with an increase of expenditure over the contract assignment of Rs. 29,88,922, and an increase in the receipts of Rs. 23,31,003. The net deficit was Rs. 6,57,919, and the closing cash balance was reduced to Rs. 26,51,072.

75. The receipts of the year 1889 90 were generally satisfactory. The principal heads of revenue showed a large increase, of which, however, about 2¼ lakhs were due to special assignments from the Government of India to the Local Government for special works, principally the Orissa Coast and Hijili Tidal Canals which, under the rules in force, are shown under the head of Land Revenue, and a grant of Rs. 1,91,423 was made under the same head for a new pilot brig. A grant of two lakhs was also made to the Provincial Government with effect from that year on account of the cost of the Metropolitan

Police. Stamps, Provincial rates, Assessed taxes, Forests and Registration all showed an increase. The item of Land Revenue proper was augmented by the payment of large arrears of revenue due from the Burdwan Raj estate for the preceding year. The receipts from Railways increased by nearly eight lakhs of rupees. On the other hand, there was a falling off in Excise, and the prospects of the year, which would otherwise have been very favourable, were clouded by bad harvests and distress in Bihar and Orissa. The increase in expenditure under ordinary heads was not more than must be expected under a progressive administration. A larger outlay was necessary to ensure a larger revenue. The increase under Police was principally due to the conversion of the entire cost of the Calcutta and Suburban Police as a Provincial charge with effect from the 1st April 1889, and under Marine to the purchase of the steamer *Guide*. The outlay on Famine Relief was of a special nature. The expenditure on Civil Works was curtailed. The accounts closed with an increase of expenditure over the contract assignment of Rs. 39,62,030, and an increase in the receipts of Rs. 49,87,505. The net surplus of the year was Rs. 10,25,475, and the closing cash balance amounted to Rs. 36,76,547.

76. The financial position of the year 1890-91 was primarily affected by the payment of ten lakhs of rupees, which was transferred under the orders of the Government of India from Provincial to Imperial revenues. This payment was adjusted under the head of Land Revenue. The large increase under Railways was principally due to the inclusion of the gross receipts of the Bengal and North-Western Railway for the last nine months of the year. There was a corresponding increase on the expenditure side, and the net surplus was discounted by a credit for 10½ lakhs taken by the Government of India under the head of Land Revenue on account of the estimated net earnings of the Company for the nine months, from July 1890 to March 1891, which were not paid during the year. A credit for Rs. 3,17,000 was taken under Civil Works, being the estimated value of a portion of land in the Custom House premises made over to the East Indian Railway Company for the extension of their office building. The ordinary heads of revenue showed but little expansion, while the expenditure, on the contrary, showed a tendency to increase under almost all heads. There was a large increase under Land Revenue on account of Surveys and Settlement; under Law and Justice on account of the increase in Civil Courts; under Railways as already explained; and also under Irrigation and Civil Public Works. A special grant of four lakhs was made from Provincial Revenues to the Public Works Department to undertake urgent works, and especially to defray the cost of repairs and maintenance of the roads in the Darjeeling district, which had been much damaged by heavy rains, and to construct new feeder roads to the Railway in Chota Nagpur.

77. For the year 1891-92, the last year of the contract, the total revenue under all heads of account amounted to Rs. 5,78,01,983, which was Rs. 1,13,54,983 in excess of the figures in the contract assignment. But at the same time the expenditure had increased in a still larger proportion, and amounted to Rs. 5,79,21,326 or Rs. 1,14,74,326 in excess of the assignment.

78. The following table shows the receipts under the principal heads of revenue according to the contract assignment, and the receipts under the same heads for 1891-92:—

	Contract assignment.	Actuals, 1891-92.	Increase.
	Rs.	Rs.	Rs.
Land Revenue (proper) ...	98,53,000	1,00,21,000	1,68,000
Ditto adjustment ...	(—)6,89,000	+13,81,000	**20,70,000**
Salt	1,00,000	1,11,000	11,000
Stamps	1,00,87,000	1,13,25.000	12,38,000
Excise	24,82,000	27,83,000	3,01,000
Provincial rates (proper)...	39,20,000	41,60,000	2,40,000
Ditto (recoveries of cess collection charges from District Boards) ...	.....	3,65.000	**3,65,000**
Customs	57,000	57,000	Nil.
Assessed Taxes ...	17,84,000	21,54,000	3,70,000
Forests	3,50,000	3,95,000	45,000
Registration ...	5,38,000	6,67,000	1,29,000
Total ...	2,84,82,000	3.34,19,000	49,37,000

79. The large increase under Land Revenue was due to special assignments from Imperial to Provincial Funds, which are adjusted under this head. The other increases arose from the natural expansiveness of the revenues, especially under the head of Stamps and Assessed Taxes. The increase under Provincial Rates was principally due to a change in procedure under which the cost of collecting the Road and Public Works cesses is adjusted under Provincial Rates, the share debitable to district funds being shown as receipts under the same head. After eliminating adjustments and transfers of account, the real increase credited to the Provincial revenues under principal heads during the last year of the contract came to Rs. 25,02,000.

80. Under Railways there was an extraordinary increase during the same period of from Rs. 1,00,19,000 to Rs. 1,60,40,000, or nearly 60¼ lakhs of rupees, of which nearly half was nominal and due to the inclusion of the receipts of the Bengal North-Western Railway, while the remainder was a real Provincial asset derived from the successful administration of the Eastern Bengal Railway System.

81. A comparative statement of the expenditure under Revenue heads is also shown in detail—

	Contract assignment.	Actuals, 1891-92.
	Rs.	Rs.
Refunds and drawbacks	1,55,000	1,54,000
Assignments and compensation ...	1,68,000	1,66,000
Land Revenue	34,08,000	41,14,000
Salt	11,000	52,000
Stamps	3,75,000	3,39,000
Excise	96,000	1,66,000
Provincial rates	.....	4,34,000
Customs	4,97,000	5,19,000
Assessed taxes	85,000	90,000
Forests	2,25,000	2,10,000
Registration	2,95,000	3,42,000
Total ...	53,15,000	65,86,000

82. The increase in round numbers amounted to 12¾ lakhs of rupees. The increase under Land Revenue was principally due to surveys and settlements. The increase of expenditure under Excise was the necessary accompaniment of the important changes which were made in the administration of this Department. The new charge shown under Provincial Rates is a matter of account only, and represents the cost of collecting the cesses in the districts to which the Local Self-Government Act has been extended. The other returns do not seem to call for explanation.

83. The items which compose the major head of Salaries and Expenses of the Civil Department may be compared as follows:—

	Contract assignment.	Actuals. 1891-92.
	Rs.	Rs.
General Administration	15,62,000	16,16,000
Judicial Courts	80,11,000	84,83,000
Jails	17,28,000	20,22,000
Police	47,48,000	59,62,000
Marine	7,81,000	9,42,000
Education	32,46,000	25,52,000
Medical	14,59,000	15,67,000
Political	.....	34,000
Scientific and other Minor Departments ...	3,30,000	3,13,000
Total ...	2,18,65,000	2,34,91,000

84. Under some of these heads the increase in expenditure was very large. The increase of nearly 4¾ lakhs under Judicial Courts represents the financial effect of the increase which was found necessary in the number of Subordinate Judges and Munsifs and judicial establishments generally. The increase under Jails was on account of the large outlay on machinery and manufactures, and was in a measure

counterbalanced by a corresponding increase in receipts. The increase in the cost of Police amounts to nearly 12 lakhs of rupees. This was partly due to the cost of the Metropolitan Police, which was provincialised, partly to the large expenditure incurred in connection with subjugation of the South Lushai country and the formation of the South Lushai Hill District, and partly to the improvements effected in the Police Department in consequence of the recommendations made by the Police Commission. The reduction under Education is fictitious only. A great portion of the expenditure under this head has ceased to be departmental, but is incurred by District Boards to which an equivalent grant is made for the purpose under the head of Contributions. A portion of the increase under the head of Medical was due to the establishment of a Sanitary Board.

85. Miscellaneous expenditure increased from Rs. 26,61,000 to Rs. 32,31,000. There was, however, a decrease under Miscellaneous (proper), and the real increase under this heading was due to Superannuation or pensionary charges, which rose from Rs. 12,54,000 to Rs. 16,00,000, and also to increased charges under Stationery and Printing, mainly on account of the census operations.

86. The expenditure on Railways increased from Rs. 87,63,000 to Rs. 1,42,64,000; of this amount the major portion was due to the inclusion of the working expenses of the Bengal and North-Western Railway and the Company's share of net receipts.

87. Irrigation expenditure increased from Rs. 45,69,000 to Rs. 53,32,000. The Interest charge rose from Rs. 22,94,000 to Rs. 24,03,000, and the remainder was due to expenditure on works. A large share of the expenditure on the Orissa Coast and Hidgilee Tidal Canals was contributed by the Government of India and credited under the head of Land Revenue.

88. The increase in expenditure on Civil Works from Rs. 31,14,000 provided in the contract to Rs. 40,25,000 in 1891-92 was unavoidable with reference to the necessities of so large a province.

89. The increase under Contributions from Rs. 1,59,000 to Rs. 8,79,000 was due to the development of Local Self-Government and the assignments it was necessary to make to local bodies in order to maintain an equilibrium between their receipts and the expenditure imposed on them.

H. H. RISLEY,

Secretary to the Government of Bengal.

The 1st April 1893.

PART III.

Discussions on the Financial Statement in the Bengal Legislative Council assembled on the 1st April 1893.

The Hon'ble MR. PLAYFAIR said:—"The Bengal Provincial Services estimate has been in the hands of hon'ble members for several days, but being a mere statement of balances it is not self-explanatory, and I would venture to suggest that, in future years, it might suit the convenience of members were the Budget and the official statement by the Hon'ble Member in charge of the Budget, presented at one meeting of the Council to be brought forward for discussion at a subsequent meeting of the Council.

2. "Taking the estimates of receipts and expenditure for the coming year, it is in the first place to be observed that the Government of India has reduced the income estimated by the Local Government by the sum of Rs. 1,85,000, and has likewise reduced the estimated expenditure by Rs. 62,000, which alterations raise the estimated deficiency for the year from the sum of Rs. 51,000, estimated by the Local Government, to the sum of Rs. 1,74,000, estimated by the Government of India. And it naturally occurs to me to enquire whether the expenditure of the year could not be limited to the sum of Rs. 4,24,04,000, scheduled by the Supreme Government, and whether the income of Rs. 4,24,15,000, as estimated by the Local Government, could not be retained, in which case there would practically be equilibrium between income and expenditure? Under the heading of 'Railways', the Government of India has docked the income estimated by the Government of Bengal by 1½ lakhs of rupees, which in itself goes far to account for the estimated deficiency for the year 1893-94, and it will be interesting to know if there is any likelihood of this further receipt being obtained from this source?

3. "Turning to details of the estimate for the coming year 1893-94, the Hon'ble Member in charge of the Budget has explained the reduction effected under the heading 'Salt.' I should like to enquire whether the expenditure of Rs. 5,52,000 under 'Customs'—heading No. 9 of the statement—includes the cost of collecting the salt revenue, which income, I understand, is passed to the credit of the Imperial Government; and, if so, whether Bengal gets credit for any portion of this cost from neighbouring provinces to which a portion of the salt passes or from the Government of India on their behalf? Receipts under heading XII show that Rs. 1,82,000 is received on account of interest, which, if taken to result from money advanced at 5 per cent., represents a capital of Rs. 36,40,000, which is not a large sum for this vast province. It would be interesting to know whether any portion of this represents loans to public bodies in Calcutta, or whether the money is lent wholly to bodies in the mufassal? The next heading to which I would direct attention is, number XVI, under which Courts of Law are estimated to produce an income of Rs. 8,76,000. It has been reported that the accounts of the Calcutta Small Cause Court for the past year show a surplus approaching Rs. 1,60,000, and I beg leave to enquire if this revenue is included in the sum of Rs. 8,76,000? Turning to the other side of the estimates, it will be seen that the expenditure under 'Courts of Law' is placed at Rs. 85,28,000, and it would be interesting to learn what portion of the revenue from stamps, estimated at Rs. 1,17,75,000, may be considered as a credit against this debit?

4. "I come now to the important heading entitled 'Eastern Bengal State Railway System,' showing an estimated receipt of Rs. 32,12,000 for the year 1892-93, and a receipt of Rs. 33,50,000, estimated by the Local Government, and, as I have already pointed out, amended by the Government of India to Rs. 32,00,000 for the coming year 1893-94. This is apparently a net receipt, for the expenditure column under the heading 'Railways' includes the nominal charge of only Rs. 1,000. In the first place, I would venture to enquire whether this profit is arrived at after paying any interest on capital, and whether it is the whole profit of the year? Secondly, whether the reduction of one and-a-half lakh by the Government of India on the estimated income of Rs. 33,50,000 made by the Local Government, represents a reduction in tariff rates, or does it imply an increase in expenditure? It is to be hoped that the

Government of India may, in the near future, take such action as will solve the difficulties arising from the depreciated value of silver, and that attention will be devoted forthwith to the wants of the internal trade of the country, which is meanwhile suffering ; and that the Local Government will, in future, desire to obtain an income from railway traffic carried in quantity at low rates rather than from a restricted traffic transported at high rates. It will be within the recollection of hon'ble members of this Council that the Government of India took over the Eastern Bengal Railway from a Company, and that Colonel Conway Gordon, who was appointed Manager, stated before a Select Committee of the House of Commons that one of the reasons for Government doing so was, to protect the public from the excessive tariffs charged by the Company; it will also be remembered that the rates were lowered to the great advantage of trade, and especially of the jute trade, during Colonel Conway Gordon's incumbency: that these were restored to the tariff of the old Company, and that although the tariff has again been modified, the undertaking earns an income approaching 7 per cent. on a capital far in excess of that of the original capital of the Company. It has recently been stated in this Council that this is an expensive port, and I earnestly hope that the time will soon arrive when this Government will take into serious consideration the charge upon crops from the field to the 'tween decks of vessels lying in the port, and endeavour to lessen the present cost. And in this connection, I venture now to ask whether the Local Government is in favour of the extension of the Bengal Central Railway through Singhia to Madaripore, to tap the large jute-growing district and place Calcutta in direct communication with the Chandpore terminus of the Bengal-Assam Railway, and whether the Local Government will represent to the Government of India the necessity for the construction of this section, if it has not already done so?

5. "I observe that the expenditure under the heading 'Irrigation' is estimated to be Rs. 30,26,000 over receipts; that the charge for interest alone, amounting to Rs. 24,48,000, is greater than the whole income of the department placed at Rs. 23,82,000. It would be interesting to have an explanation of the real value of this expenditure.

6. "The last entry under the heading of 'Contributions', placed in the expenditure column by the Government of India at Rs. 10,00,000, being Rs. 1½ lakhs below the sum budgeted by the Local Government, is not self-explanatory, and I beg leave to enquire to whom are those contributions made, and is it at all possible that this expenditure may be further reduced?

7. "Under the heading of 'Excise', the Hon'ble Member in charge of the Budget refers to the enhanced fee for wholesale licenses, which, he states, has been raised from Rs. 50 to Rs. 600 a year. I shall be glad to know that the latter sum should be stated to be Rs. 300, as notified in the Gazette. He also observes that changes have been made in the duties on retail licenses, and I beg leave to enquire whether the Government will give further consideration to the letter addressed by the Secretary to the Calcutta Wine, Spirit and Beer Association to the Secretary, Board of Revenue, under date the 2nd of March, 1893, in which it is urged that a very great hardship will be inflicted upon retailers by the enhancement of the annual license fee from Rs. 600 to Rs. 1,000 per annum?"

8. The Hon'ble MR. RISLEY said:—"I will now do my best to reply to the questions of the hon'ble member, so far as they arise out of the budget figures before us and involve points of finance only. I am, however, not prepared to deal with the larger questions of administration which the hon'ble member's remarks incidentally raise, and some of which concern the Imperial rather than the Provincial Government.

9. "*First*, I may say that there appears to be no *primâ facie* objection to the proposal that the financial review should be presented, in future years, in much the same form as it has assumed to-day, except, of course, that it will not in future be necessary to go into matters of history, and the review will therefore be much shorter. With that exception, the review will take much the same shape as it has taken to-day, and there should be no difficulty in presenting it with other explanatory papers in time to admit of the review being read one

week and the discussion on it taking place in the following week. There can be no doubt that it would very materially facilitate discussion upon questions which may arise. In that case, however, I should wish to add that the task of replying impromptu to questions which may arise on the budget will not be an easy one. If the statement is circulated beforehand in the manner proposed, I think it will be a matter for consideration whether some notice, formal or informal, should not be given; otherwise, it seems to me that any hon'ble member with a turn for propounding financial conundrums will have it in his power to embarrass the Financial Secretary by asking questions to which he will be unable to reply. At the same time, it would, I think, be convenient to give more detailed figures showing the sub-heads subordinate to the major heads, without which the figures of the budget must always be difficult to follow.

10. "Turning now to the details of the budget, as far as I could follow the hon'ble member, I may explain under the head of 'Salt' that the allotment of Rs. 1,20,000 shown in 1892-93 includes the sum of Rs. 75,000 paid to Mr. Kilby as his honorarium for inventing a most useful salt-weighing machine, and also Rs. 20,000 for improvements in the Salt Golahs at Sulkea, including a railway siding, &c, and also certain pontoons and appliances to facilitate the landing of salt, as against Rs. 10,000 put down for the same purpose in the current year. Rs. 31,000 may be taken to represent the normal expenditure of the Salt Department. The income of Rs. 90,000 is mostly derived from salt bonded in warehouses. The income from rents of warehouses tends to decline, owing to a great change which has taken place in the salt trade. Instead of coming in sailing ships and being kept a long time in bond, salt is now imported in steamers and is left only a short time in warehouses, and the Provincial revenues do not get so much in the way of rent as hitherto. No doubt it may be said that the customs revenue gains by this change; but while the Imperial revenue gains, the Provincial revenue loses to some extent.

11. "Then with regard to 'Customs'. The hon'ble member remarks upon the sum of Rs. 35,52,000, which includes the cost of collecting the tax on salt. As this duty belongs solely to the Imperial revenues, the Government of Bengal gets no credit from the Government of India, except so far as the customs establishment is included in the lump sum assigned by the Government of India for provincial purposes.

12. "Under the head of 'Interest', the sum of Rs. 1,84,000 is made up of the following items:—Interest on educational securities, Rs. 14,000; interest on arrears of public works cess, Rs. 45,000; miscellaneous interest, Rs. 2,000, and a large sum (Rs. 1,23,000) on loans under the Local Authorities Loan Act of 1879, which enables the Local Government to lend money to local bodies and loans to cultivators, &c., and to people who want it for purposes of irrigation and cultivation on the security of their crops. That makes up by far the larger portion of the sum. A very large portion of this is granted by the Government under the Act for dealing with the water-logged portions of the country round about Calcutta, and the peculiarity of this Statute is, that the interest is not payable in such cases until the project is complete. One large project of this kind is now being carried—the Rajapur drainage scheme—and the interest will not be collected till the scheme is complete. These loans do not include any sums lent to the Municipal Corporation of Calcutta, or the Calcutta Port Commissioners, which are included in the Imperial accounts.

13. "Law and Justice cost Rs. 8,76,000. I may explain that this head includes only the cash receipts of the Small Cause Courts, that is, to say, fees, forfeitures, &c. The Small Cause Court receipts on court-fee stamps appear under the head of 'Stamps'. It comes then to this: that we do not separate Small Cause Court receipts from other judicial receipts, and in order to make up any sort of profit and loss account, it would be necessary to have separate accounts made up. I am not in a position to say now whether we shall be able to do that or not, but, at any rate, part of the receipts come under two or three or more heads of Law and Justice, and under various minor receipts under the head of Stamps; so that under these figures, as they stand, it is impossible to say precisely what the receipts from the Small Cause Court are.

14. "Under the head of 'Stamps', the total receipts are 157 lakhs, of which the Provincial Government gets three-fourths. Out of this, 113 lakhs represent

the receipts from court-fee stamps and 44 lakhs from what are called 'general stamps', being the large sheets of paper with an engraved stamp at the top upon which legal documents are executed. In consideration of getting three-fourths of these receipts, the Provincial revenues are required to bear the whole cost of maintaining the judicial establishments which, as the statement shows, enormously exceed the receipts under the head of 'Courts of Law'.

15. Under 'Marine', I have already mentioned that the estimate of Rs. 10,37,600 includes Rs. 1,50,000 for the cost of a new pilot-vessel to replace the *Coleroon*, and it also includes the cost of bringing the vessel round from Bombay, and so forth. Marine receipts vary, of course, with the tonnage of vessels visiting Calcutta.

16. "Under the head of 'Railway Receipts', the entry of 32 lakhs represents half the net receipts after paying the working expenses. All the interest charges are met by the Government of India and do not appear in the provincial accounts.

17. "Under the head of 'Irrigation', I should explain that theorigin of these works really goes back to the time of the Orissa famine. That history is given at length in the second part of this review, and it will show why it is that the receipts do not cover the charges for interest. I may further explain that there are two kinds of irrigation works—major works for which a capital account is kept, and on the capital outlay for which interest is charged, and minor works for which no interest is charged. The receipts from the major works are called 'direct receipts', and they consist of navigation receipts, water-rates, rents, &c. The receipts from the minor works consist of rents from surplus lands.

18. "Under the head of 'Contributions', the account is somewhat puzzling. Our contribution to the necessities of the Imperial Government is shown under the head of 'Land Revenue Adjustments', amounting to Rs. 14,39,000, which is reduced by certain sets-off to Rs. 13,50,000, as shown there. But the contribution amounting to 10 lakhs on the expenditure side of the account, to which allusion has been made, represents for the most part grants to District Boards for the maintenance of schools, ferries, pounds, dispensaries, &c., made over to their charge. This is done under the Local Self-Government Act, III of 1885, which gives extensive powers for making over the administration of these matters to District Boards. The principle on which these arrangements are worked out, and out of which these charges for contribution arise, is this: certain revenues are made over to the District Boards with a stated income as compared to so much expenditure, and we get out a certain excess expenditure which was calculated in 1886, and then the Government gave them a sufficient grant to bring them into a state of equilibrium. We deal with them in the same way as the Government of India deals with us, and these 10 lakhs represent those grants. Within the last two years or so, these contributions have been increased. Not only have more roads been made over to them with corresponding grants, but also certain provincial buildings, and that has enabled the Government to effect certain economies in the way of dispensing with Public Works establishment. The deficit of Rs. 1,74,000, I may explain, will be met from the accumulated balance which stands to the credit of the Provincial Government.

19. "I think the explanations I have given have covered most of the points to which the hon'ble member drew attention. There is only one more point, as regards excise licenses, upon which I think I made a mistake in stating that it is proposed to raise it from Rs. 50 to Rs. 600. I should have said Rs. 300 a year. I may add that a grievance relating to the legal definition of 'a dozen,' brought to notice by Messrs. Cutler, Palmer & Co., has been referred to the Government of India, and legislation may have to be undertaken."

20. The Hon'ble THE PRESIDENT said:—"I think, short as the discussion has been, it has brought out two points pretty clearly. One of these points is, that we must make an endeavour, in future years, to present the Financial Statement at an earlier period and must put our accounts in a fuller form. The form in which the accounts have been put before the Council on this occasion gives only the receipts and expenditure under the major heads. I have no doubt that it will not be difficult to have the statement of accounts drawn up so as to show the receipts and expenditure under all the sub-heads of account,

so that they shall contain a good deal of information, which will avoid the necessity of asking questions in Council and will also assist hon'ble members, while discussing them, in defining more clearly what the particular point is on which information is desired.

21. "There has been no desire on the part of the Government to press or to hurry on this discussion to the inconvenience of anybody. As you are aware, the Council was summoned for last Saturday and I put it off to to-day, in order that more time might be afforded for the circulation and perusal and study of the Financial Statement. There was a miscalculation as to the amount of time that would be required. We thought there would have been ample time, and it was not seen, this being the first occasion on which discussion has taken place, that although the figures were presented to hon'ble members a week ago the explanatory statement could hardly have been drawn up so soon. In future, I trust this difficulty will be removed.

22. "The second point is that to which the Hon'ble Mr. Risley drew attention, namely, the difficulty which the Financial Member of Council will always experience if he is expected to answer questions arising out of the multifarious and complicated detail of the provincial accounts, such as those which the Hon'ble Mr. Playfair has put. In the Rules which relate to the working of the new Council, it is expressly laid down that interpellations which require answers should be presented a certain number of days beforehand, so that the answer might be prepared with accuracy. No such provision has been made with regard to financial questions. I suggest that we should follow the same practice which obtains in what I may call in parliamentary language 'another place', that any hon'ble member who intends to ask questions or to discuss a particular point in connection with the budget, should send intimation beforehand to the Secretary of the Council or to the Member in charge of the Department concerned, so that he might be prepared to give the information which may be required; although, according to the Rules, no particular period of time is fixed for sending such intimation beforehand and for preparing the answers.

23. "I think the Hon'ble Mr. Risley has answered all the points of the Hon'ble Mr. Playfair's interpellations, except one, and that is, with regard to the extension of the Central Bengal Railway. This is a matter in which the Bengal Government has taken considerable interest, and the year before last I expressly arranged a part of my tour during the rains so as to visit those parts and get first-hand information, in order to ascertain how far the railway could compete with water-carriage. This has always been a point of difficulty with regard to the projects in the Eastern districts of Bengal. When the Bengal Central Railway to Khulna was first projected, it was assumed that a very large traffic might be calculated upon if the Railway carried the surplus of production of the Jessore and Khulna districts. We all know that it did not gather up that traffic, or anything like it. Water navigation competed successfully with it, and for a long time the Bengal Central Railway produced hardly any net earnings at all. It had to go to the Government of India *in formâ pauperis* and get a guarantee given to it, and it is only within the last two or three years that it has began to earn that guarantee, or something more than it. Of course, the difficulty of the Government of India in considering any project of extension is this: they say, you ask us to sanction the extension of the Railway to Madaripore or any other part of the country, as the case may be, will you not be encountering the same competition and the same financial difficulty as in the case of the first opening to Khulna? The conclusions to which I came was this: that there will always remain competition with the water traffic, but the water route in that part of the country is so circuitous and so difficult that there is good reason to think that the Railway will be able to compete successfully with it. If it is open to Madaripore, it will attract a large quantity of traffic, especially jute traffic; while it will not, to any considerable extent, rob the parent line at Goalundo of the traffic which it already possesses. It is all very well to say that a new line will take up a certain traffic, but if we are already carrying off that traffic by another route we should lose in one hand what we gain by another; the projectors must show that there is new traffic to be got and must not deprive the old line of the traffic which it now possesses.

It is, on these grounds, that the Bengal Government sent up its report to the Government of India with regard to the Madaripore extension in September or October, 1891. Since then we have had a little dropping correspondence from time to time, but we have been met with the usual difficulty that, however much the Government of India may accept our arguments and our calculations, yet funds are wanting before that extension can be carried out. They have so many urgent and important schemes before them, relating to the opening up of partial communications throughout the whole Empire of India, that they are not able to afford funds for this particular local extension. At present, then, it stands in this way: that on the whole it is favourably considered, but it is lying over for want of funds till other projects which are considered more urgent have been completed, and then it takes its place in the front rank.

24. "It now only remains for me to announce that the Council is adjourned *sine die*, and, in doing so, I will draw attention briefly to the fact that this is the last occasion on which the Bengal Council meet in the same condition in which it has met for the last twenty-six years or thereabouts. The next meeting will, I hope, be a meeting of the enlarged Council, which cannot naturally be called together under a space of about two months. I hope it may be found possible for that Council to meet in July and August and take in hand the Bengal Municipal Bill, which the Select Committee has been working at so diligently and so usefully during the past few months. We all have great hopes that increased efficiency and increased good to the country will arise from a larger representation of the interests which exist in this enormous Province. But I am sure I may honestly and sincerely say, that the Government cannot hope to have greater help and more loyal devotion to the public weal in that Council than they have received from the Council which I am now addressing for the last time."

25. The Council adjourned *sine die*.

GOVT. OF BENGAL;
FINL. DEPT.,
Calcutta, the 14*th April* 1893.

Rep. No. 85G—100—3-5-93.